

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**GST WILL BRING ABOUT A PARADIGM SHIFT IN THE ARENA OF
INDIRECT TAXATION IN THE COUNTRY; ASKS CBEC TO MAKE EXTRA
EFFORTS TO MEET THE TARGETS OF INDIRECT TAX COLLECTIONS
FOR THE CURRENT FISCAL : FM**

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The Union Finance Minister Shri Pranab Mukherjee said that with the introduction of Goods and Services Tax (GST), we are now perhaps at the door-step of the most significant reform in the history of indirect taxes in the country. He said that GST is expected to be a more efficient system of taxation and is likely to give a boost to the tax revenues of the Centre and the States. The Finance Minister Shri Pranab Mukherjee said that GST will also remove barriers amongst States and convert the entire country into a common market. Once implemented, GST will bring about a paradigm shift in the arena of indirect taxation in the country, the Finance Minister added. Shri Mukherjee was speaking at the Investiture Ceremony organized here today to confer Presidential Award of Appreciation Certificates notified for the year 2011, to 35 officers and staff of the Customs and Central Excise Department. One of the officers was awarded the certificate for exceptionally meritorious service at the risk of his life.

The Finance Minister Shri Pranab Mukherjee said that the Customs and Excise Department has shown an ability to adapt quickly and successfully to the challenges of the rapidly changing economic environment in the country. Shri Mukherjee said that the introduction of mandatory e-filing of Central Excise and Service tax returns would not only make the process convenient for the assesses and reduce the transaction costs, but would also throw up useful information for analysis and for policy formulation.

The Finance Minister said that Central Excise is a significant contributor to the indirect tax revenues of the Union Government. He said that the Central Excise revenue has more than doubled over the last ten years from Rs. 68,282 crore in 2000-01 to Rs. 1,37,427 crore in 2010-11 which is 40 per cent of the total revenue from Indirect Taxes. Shri Mukherjee said that in the current financial year, the collections from Central Excise up to January, 2012 stand at Rs. 1,17,730 crore, out of total indirect tax collections of Rs. 3,17,233 crore. He said that there has been exponential growth in the service tax revenues over the years. As compared to a revenue of just Rs. 2612 crore in 2000-01, the service tax collections in 2010-11 stood at Rs. 70,391 crore, which is about 20 per cent of total

indirect tax collections, the Finance Minister said. The Finance Minister Shri Mukherjee said that the indirect tax collection figures up to January 2012 indicate that there have been some gains over the last year. However, the Finance Minister said that still further efforts are required to ensure to meet the target of indirect tax collections for the current fiscal.

Appreciating the performance of the Central Customs and Excise Department in adapting quickly and successfully to the changing economic environment, he stated that the department has come a long way from the control based system to a record based system. Towards this end, he welcomed the IT initiatives of the Department including the steps to introduce mandatory e-filing of Central Excise and Service tax returns. The Finance Minister hoped that the customs department would continue to play a vital role in combating the menace of fake Indian currency, counterfeit products, narcotic drugs and psychotropic substances, smuggling of which has become a major economic threat. He said that he was happy to see that the department has been proactive in co-operating with other countries for the prevention and detection of customs offences.

Congratulating the recipients of the Presidential Award, the Finance Secretary Shri R.S.Gujral said that their achievements would be a source of inspiration to the other officers of the Service. On the revenue front, he mentioned that while Service tax revenues had been buoyant, there were challenges in so far as Central Excise & Customs revenue were concerned. However, he expressed the hope that the budgetary targets would be achieved by the Department. Quoting the report of the Global Financial Integrity that 70% of the illicit outflow of funds is through trade mispricing, he highlighted the role of the Department in combating various forms of organized economic crimes. He mentioned that there was a good momentum on the GST front, the implementation of which required the concurrence of the States. Speaking about the welfare measures of the staff, Shri Gujral mentioned that the Cadre review of the Department is expected to be through within a period of one month.

Chairman CBEC Shri S.K.Goel informed that the indirect tax collections of Rs. 3,17,233 crore till January 2012 in the current financial year, are 15% more as compared to the revenues of the corresponding period last year. He was optimistic that the Budget Estimates for the current financial year will be completely met. He mentioned that the Department has to constantly strike a balance between trade facilitation and enforcement measures. He highlighted the efforts of the Department to encourage voluntary compliance through automation, improved taxpayer service delivery and non-intrusive methods of cargo clearance.

The ceremony was widely attended by serving and retired officers of the Department as well as invitees from outside.

The text of the speech delivered by Union Finance Minister, Shri Pranab Mukherjee during the Investiture ceremony is as follows:

“It gives me a great pleasure to be here on this important occasion, when we are acknowledging and honouring exceptional contribution of officers in the discharge of their duties. These officials have upheld the best ideals of public services and have set new benchmarks of excellence and dedication to work in their respective fields.

I congratulate the officers who are being conferred with the certificates of the Presidential Award 2011. I also greet the family members of the awardees who have assembled here to witness the conferment of this prestigious award. Your presence is undoubtedly a source of motivation to the awardees.

The Customs and Excise Department has undergone a major transformation in keeping with the needs of a rapidly changing economic environment in the country. The Department has shown an ability to adapt quickly and successfully to the challenges that it has encountered. In fact, by launching major IT initiatives for facilitating tax compliance, the Department has set an example for others to emulate. The latest such initiative, namely, the introduction of mandatory e-filing of Central Excise and Service tax returns would not only make the process convenient for the assesses and reduce the transaction costs, but would also throw up useful information for analysis and for policy formulation. I am also happy to note that ICEGATE portal developed by CBEC received Gold National Award for e-Governance and e-Asia award in 2011. I am confident that the Department would continue to be in the forefront of e-Governance.

Central Excise is a significant contributor to the indirect tax revenues of the Union Government. The Central Excise revenue has more than doubled over the last ten years from ` 68,282 crore in 2000-01 to ` 1,37,427 crore in 2010-11. This accounts for 40 per cent of the total revenue from Indirect Taxes. I am told that in the current financial year, the collections from Central Excise up to January, 2012 stand at `1,17,730 crore, out of total indirect tax collection of `3,17,233 crore.

Central Excise Department has been among the early stakeholders to pursue reforms as part of the liberalization process. These reforms which began in 1994 and continued through the subsequent years brought about a strategic shift from the control-based gate pass system to invoice and record-based system. The objective of these reforms was to repose a greater trust on assesses and introduce a number of trade facilitation measures in Central Excise rules and procedures. The system of compliance in central

excise was sought to be implemented mainly through audit and anti-evasion machineries. These reforms have to continue to their logical end, making compliance easy and cost effective.

Service Tax was introduced for the first time in 1994. It has steadily grown over the years and now covers 119 services. There has been exponential growth in the service tax revenues over the years. As compared to a revenue of ₹ 2612 crore in 2000-01, the collections in 2010-11 stood at ₹ 70,391 crore, which is about 20 per cent of total indirect tax collections.

With the introduction of Goods and Services Tax (GST), we are now perhaps at the door-step of the most significant reform in the history of indirect taxes in the country. Under the GST regime, uniform taxes will be levied by the Central and the State Governments through a common system of tax collection. GST is expected to be a more efficient system of taxation and is likely to give a boost to the tax revenues of the Centre and the States. It will also remove barriers amongst States and convert the entire country into a common market. We are working with the State Governments for an early implementation of GST. Towards this end, an I.T. network called GSTN is being created to ensure integration of the tax systems of the Centre and the States. Once implemented, GST will bring about a paradigm shift in the arena of indirect taxation in the country.

Recently, the Central Board of Excise and Customs celebrated 50 years of Customs Act, 1962. The Department has consistently striven to put in place a transparent and efficient system of tax administration. It has evolved through in-house innovations and adoption of international best practices. This evolution has incorporated a large number of trade facilitation measures, the most recent ones being the Authorized Economic Operator Scheme for faster clearances as part of secure global supply chain and Onsite Post Clearance Audit. Self-assessment in tax returns has been introduced last year. It marks a fundamental shift from the departmental assessment and a new era has begun, one of trust based customs control.

Customs will continue to play a vital role in combating the menace of fake Indian currency, counterfeit products, narcotic drugs and psychotropic substances, smuggling of which has become a major economic threat. It means that the Customs operational units have to be equipped with the latest technology and resources for dealing with such offences. A powerful intelligence network is equally important in this task. I am happy to see that the department has been proactive in co-operating with other countries for the prevention and detection of customs offences.

As we approach the end of the current financial year, there are certain fiscal challenges that have to be addressed. The indirect tax collection figures up to January 2012 indicate that there have been some gains over last year. However, further efforts are required to ensure that the targeted collections for the current fiscal are met. I am confident that the Department would not spare any efforts in meeting these targets.

Let me conclude by congratulating once again all the awardees and urge them to keep up their performance. I expect other officers to follow the standards set by awardees in their area of work so that we can provide an efficient, responsive and tax payer friendly administration sooner rather than later. I wish you all the very best in all your endeavours.”

DSM/SS/GN