

A Proposal to P.M. – Can be a better alternative to GST

Taxes:- Excise, Sales tax and Service tax

There should be only three taxes other than Equalization tax and that too progressive:-

1. Excise
2. Sales tax
3. Service tax

Rates of taxes:-

<u>Excise</u> <u>Rs.</u>	<u>Sales tax</u>	<u>Service tax</u>	<u>Rate</u>
Between 000.0-180.0 lac	00.0-24.0 lac	00.0-12.0 lac	0%
Between 180.0-189.0 lac	24.0-25.2 lac	12.0-12.6 lac	1%
Between 189.0-198.0 lac	25.2-26.4 lac	12.6-13.2 lac	2%
Between 198.0-207.0 lac	26.4-27.6 lac	13.2-13.8 lac	3%
Between 207.0-216.0 lac	27.6-28.8 lac	13.8-14.4 lac	4%
Between 216.0-225.0 lac	28.8-30.0 lac	14.4-15.0 lac	5%
Between 225.0-234.0 lac	30.0-31.2 lac	15.0-15.6 lac	6%
Between 234.0-243.0 lac	31.2-32.4 lac	15.6-16.2 lac	7%
Between 243.0-252.0 lac	32.4-33.6 lac	16.2-16.8 lac	8%
Between 252.0-261.0 lac	33.6-34.8 lac	16.8-17.4 lac	9%
Between 261.0-270.0 lac	34.8-36.0 lac	17.4-18.0 lac	10%

Excise :- Excise should be charged on manufacturing. Any process undertaken to change in shape or colour or dimension should be considered as manufacturing.

Sales tax: - Sales tax should be imposed on goods on change of hands from one person to another.

Service tax: - Service tax should be imposed on all services (A to Z) where human labour or skill is used / required (minus products).

Where product and service both are intermingled and can't be separated, define ratio of product and service separately and charge Sales tax and Service tax on defined ratio only (as in the case of a restaurant). This ratio should be mentioned, while applying for the Registration and in such cases they should apply when turnover reaches 14.4 lac say Rs 15 Lac i.e. Sales tax limit – Rs. 24 lac, Service tax limit – Rs. 12 lac is equal to 80% of Rs. 18 ($24+12/2 = 18$) lac, average turnover. For example supply of photocopier on job work with material on contract.

Applicability:-

1. Excise, Sales tax and Service tax number should be applied when turnover crosses Rs. 150 lac/20 lac /10 lac respectively.
2. If turnover is more than progressive limit of Rs. 270 lac / 36 lac/18 lac for two consequent years, tax applicable should be 10% throughout from 0 turn over.
3. In case turnover is reducing and comes down below 180 lac / 24 lac / 12 lac, automatically applicability of tax is no more. The moment it comes down below 150 lac/ 20 lac / 10 lac, Registration should be treated as cancelled. For this purpose it should be essential to file the last return, otherwise penalty for non filing of returns should be imposed.

4. **Payment of Taxes :-** Payment of taxes should be as under for Excise, Sales tax and Service tax:-

1. Quarterly, if turnover is less than 5 crore / 1 crore / 50 lac in case of Excise, Sales tax, Service tax.
2. Monthly, if turnover is more than 5 crore / 1 crore / 50 lac in case of Excise, Sales tax, Service tax.

5. **Filling of Return :-** Filling of Return should be as under for Excise, Sales tax and Service tax:-

1. Within 30 days if turnover is less than 5 crore / 1 crore / 50 lac from the close of the quarter in case of Excise, Sales tax, Service tax.
2. Within 15 days if turnover is more than 5 crore / 1 crore / 50 lac from the close of the month in case of Excise, Sales tax, Service tax.

6. **Penalties :-**

1. Interest @ 1% per month on late payment of tax for a month or part thereof.
2. Penalty @ 1% per month should be imposed for late filling of return or part of a month (whether tax paid or not)
3. For any evasion of tax, a minimum penalty of Rs. 1 lac should be imposed for the first time and for any subsequent evasion, the person concerned should be treated as a traitor (including all partners / directors)

7. **Credit of taxes :-**

Any tax paid to any dealer who is a registered one should be set off against tax due. All particulars should be reflected and claimed in return.

8. **Refunds :-**

Any refund that should be applied in the return and payable within one month from the date of filling of return. In case Refund is not paid within 30 days, interest @ 1% per month should be paid and after 90 days it should be @ 2% per month

Note: Officer concerned who is responsible to pay the refund should be penalized with the amount of interest paid to the assesses for delay.

9. **Return forms and challans:-** As per format.....

Modalities:-

1. There should be a consolidated tax registration number for all the three taxes i.e. Excise, Sales tax and Service tax.
2. Each office, factory, shop or any other establishment under the same name should have a separate registration number.
3. Any transfer from one establishment to another should be treated as a separate unit for taxation purposes.
4. Clubbing of all units for limit purpose should be done only when product of more than one unit is a bye product of another unit (even 1%)
For example:-Car parts.
If both are entirely different products, it should be exempted, for example:- Steel / cement / cloth unit etc.

5. Collection of taxes should be the responsibility of the centre only and each state should get their share on the basis of their size of population of the state.
6. Progressive tax should be for the beginners. This benefit should be available up to one year from the year in which maximum limit has been crossed.
7. After maximum limit has been crossed, maximum tax rate should be applicable from the threshold limit.
8. Everything should be taxable in addition to the items having special rates i.e. liquor, mobile telephone etc. even if any process has been undertaken or not, other than agricultural produce, raw materials including natural resources and exempted items.
9. Every person should pay tax on the basis of consumption only. The person who is consuming more should pay more.

To support the above taxes there should be a professional and computerized record keeping with the help of:-

1. **Citizen Information System, Banking System and Taxation System. (Annexure-1)**
2. **Business Information System, Banking System and Taxation System.(Annexure-2)**

and above all Income tax should be abolished and coins should be in circulation instead of currency notes (it will help in eradication of corruption to a great extent and terrorism to some extent. Evasion of taxes will reduce drastically).

Conclusion: - From three taxes collection will multiply manifold. By circulation of coins evasion of taxes will be almost nil. This system of taxes will be reasonable (maximum rate 10%) and humanistic.

Citizen Information System, Banking System and Taxation System.**00 05 05 08 00 0000 1009876 01806901 01**

Good governance is possible only when Citizens Information System, Business Information System, extensive and efficient Banking System and simple, efficient and transparent Taxation System are there in the country.

Citizen Information System :- (BLACK COLOR)

Citizen Information System should provide the following information related to a citizen:-

- | | |
|----------------|-----------------------------|
| 1. Name :A (1) | Mobile No. : 1234567890 (1) |
| :B (2) | : 1234567890 (2) |
| :C (3) | : 1234567890 (3) |
| :D (4) | : 1234567890 (4) |
| :E (5) | : 1234567890 (5) |

Note: One mobile phone should be there in every family up to 5 members. If anyone is not having mobile, that should be provided free by the government, so that the whole country can be connected easily.

2. Address Permanent/others with Pin No.:
3. Date of birth :.....
4. Health information :.....
5. Qualification :.....
6. Employment :.....
7. Banking :.....
8. Taxation :Equalization tax- if No-00. if yes- 01
9. Property :.....
10. Vehicle :.....
11. Jewellery and Diamonds :.....
12. Type of Income :.....
13. Martial status : Married: Yes/No.....
14. Size of family/children :.....
15. Retirement/Pension/Unemployment allowance:.....
16. Contribution towards the society i.e. in taxes, in Infrastructure projects or any other :.....
17. Penalties if any :.....
18. Transfer of place or any change:.....

The above information should be tabulated as under:-

1. Transfer (one place to another) code : 00 No – 00 Yes – 01
2. State code : 00 (As per list)
- District code : 00 (As per list)
- City code : 00 (As per list)
- Town code : 00 (As per list)
- Village code : 0000 (As per list)
3. Type of Citizen : within country- 1 outside-2

Citizen Information Code: 1 Suppose a citizen was not transferred (living at the same place from the very beginning), 2 Was in Delhi State, 3 Was in Chandni Chowk District, 4 In Kashmiri Gate area, 5 Town not applicable, 6 Village not applicable and 7 (a) Type of citizen, (b) and its serial number is the code as under:-

Code for the above: 00 05 05 08 00 0000 1009876

1 2 3 4 5 6 7

Note: First digit is for – Citizen 1 or 2 (whichever is applicable and the remaining 6 digits are for their serial number up to 999999).

Note: These codes should be maximum expendable according to the requirement. With the help of these codes information related to any person can be translated within no time.

Banking System :- (RED COLOR)

Banking system should be connected into one system all over the country. All banks of the country should be merged into one Bank and accordingly code number should be given.

Banking code : 000 (All banks say up to 999 banks) as per list

Branch code : 000 (All serial number of all the branches of a bank).

This code should be of a separate colour (RED COLOR) so that it can be distinguished easily that it is a banking code.

Banking code should be pro fixed with the Citizen code to have a bank account number.

This system should be supported by a **Mobile Telephone Banking through SMS.**

An example: A person dealing with Punjab National Bank, which is having Bank Serial Number as per list is 018 and its branch code is 069.

Codes for various types of account:

- | | |
|--|----|
| 1. Normal account | 01 |
| 2. Equalization tax account | 02 |
| 3. Carry forward of Equalization tax account | 03 |
| 4. Loan account | 04 |
| 5. Pension/unemployment allowance account | 05 |

Codes for other accounts if any should be as under:-

- | | |
|----------------|----|
| 1. Account – A | 10 |
| 2. Account- B | 20 |
| 3. Account- C | 30 |
| 4. Account- D | 40 |
| 5. Account- E | 50 |

Bank code for the above for Normal account: 01806901

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Taxation System: - (GREEN COLOR)

This code should be of a separate colour (GREEN COLOR) so that it can be easily distinguished that this is a Taxation code of a citizen and pro fixed with the Citizen code and Banking code.

Taxation code:- if Yes- 01, if No- 00

Equalization tax: 01

9

A BLACK: Citizen No.

B RED : Citizen/ Bank Account No.

C GREEN: Citizen/ Bank Account / Taxation No.

:00 05 05 08 00 0000 1009876

:00 05 05 08 00 0000 1009876 01806901

:00 05 05 08 00 0000 1009876 01806901 01

1 2 3 4 5 6 7 8 9

Business Information System, Banking System and Taxation System.

00 05 05 08 00 0000 35001875 01806901 03 01 124 0092 02 010

Good governance is possible only when Citizens Information System, Business Information System, extensive and efficient Banking System and simple, efficient and transparent Taxation System are prevalent in the country.

Business Information System :- (BLACK COLOR)

Business Information System should provide the following information related to a Business:-

1. Name :
2. Date of Incorporation/Deed/Commencement of business:.....
3. Address of all offices with Pin No. : ANNEXURE ATTACHED
(Property owned or not)
4. Detail of Proprietor/Partners/
Directors/Member of a Society with Citizen No.: ANNEXURE ATTACHED
5. Banking : ANNEXURE ATTACHED
6. Taxation : ANNEXURE ATTACHED
7. Penalties if any : ANNEXURE ATTACHED
8. Transfer of place or any change in any of the
above particulars : ANNEXURE ATTACHED
9. Date of Winding up / Dissolution / Closure :

The above Information should be tabulated as under:-

- | | | | |
|---|---|--------|------------------|
| 1. Transfer (one place to another) code | : | 00 | Yes – 01 No - 00 |
| 2. State code | : | 00 | As per list |
| District code | : | 00 | As per list |
| City code | : | 00 | As per list |
| Town code | : | 00 | As per list |
| Village code | : | 0000 | As per list |
| 3. Individual/Citizen/ Proprietor – 1,
Firm – 2, Company – 3, Society – 4 if
having more than one units of the
above 5 | : | 000000 | |

Business Information code: 1. Suppose business was not transferred (working at the same place from the very beginning), 2. Was in Delhi state, 3. In Chandni Chowk distt., 4. In Kashmiri Gate area, 5. Town not applicable, 6. Village not applicable, and 7.(a) Type of Business – say Company, 7. (b) Having more than one unit. 7. (c) and its serial number is the code as under :-

Code for the above : 00 05 05 08 00 0000 35001875

1 2 3 4 5 6 7

First digit is for - (Individual/Citizen/ Proprietor – 1, Firm-2, Company-3, Society-4 if more than one units of the above - 5 and the remaining six digits are for their serial number up to 999,999)

Banking System :- (RED COLOR)

Banking system should be connected all over the country into one system. All banks should be merged into one country banking.

- | | | |
|--------------|---|---|
| Banking code | : | 000 (All banks up to 999 banks) As per list |
| Branch Code | : | 000 (All serial number of all the branches of a bank) |

This code should be of a separate colour (**RED COLOR**) so that it can be distinguished that it is a banking code.

Banking code should be pro fixed with the Business code to have a Bank account number.

This system should be supported by a **Mobile Telephone Banking** through **SMS**.

An example : A person is dealing with Punjab National Bank and having Bank Serial Number as per list is 018 and Branch code is 069.

Codes for various types of account

1. Normal account:	01
2. Excise and refund:	02
3. Sales tax and refund:	03
4. Service tax and refund:	04
5. Loan account	05

Codes for other accounts if any should be as under:-

1. Account – A	10
2. Account- B	20
3. Account- C	30
4. Account- D	40
5. Account- E	50

Bank code for the above Normal account: 01806901

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Taxation System :- (BROWN COLOR)

Taxation system of a business entity should be connected into one system all over the country by having a separate Taxation number for each unit. All taxes should be merged into one Taxation System of the country.

Taxation code

1. Assessee status code (Individual /Proprietor-1, Firm-2, Company-3,Society-4)	:	00	
	:	00	03 Company
2. If more than one unit	:	00	One unit 00, More than one unit 01
3. Total number of units of an Assessee (up to 9999)	:	0000	
4. For serial number of unit code Every unit is a separate unit (Manufacturing /Trading/Service or any other)	:	00000	

First digit is for either it is Manufacturing unit - 01, Trading unit – 02, Service unit- 03 more than 1 i.e. Manufacturing/ Trading/ Service or any other unit-04 and last four digits are for serial number of the unit of an assessee.

5. Tax code Excise, Sales tax, Service tax	:	000
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First digit is for Excise, Second digit is for Sales tax and third digit is for Service tax whichever is applicable. If 0 it means that is not applicable and if 1 means it is applicable

This code should be of a separate colour (**BROWN COLOR**) so that it can be easily distinguished that this is Taxation code of the business.

Taxation code should be pro fixed with the Business Code and Banking Code to have a Taxation number.

An example: 1. A Company, 2. having 124 total number of units, 3.(a) Unit serial number 0092 (b) type of unit which is a Trading one, and 4. Sales tax is applicable only out of all the taxes i.e. Excise, Sales tax and Service tax to this particular unit.

Code for the above: 03 01 124 0092 02 010

9 10 11 12 13 14

Consolidated code number: Business code is as under:-

Now we can read these codes as under:-

Business number – A

- A. 1.From the very beginning the company is at the same place
2. Business is in Delhi state
3. Business is in Chandni Chowk - district
4. Business is in Kashmiri Gate area – city
- 5.Town not applicable
- 6.Village not applicable
7. Business is a company and its serial number is 001875

Bank Account number – AB

- B. 8.Dealing with Punjab National Bank xxxxx Branch and having Normal account

Taxation number – ABC

- C. 9.The person is a Company
- 10.Having more than one unit – No 00 Yes 01
11. Having 124 units of Business
- 12.This Particular code is for the unit serial number 0092
13. This is a Trading unit
- 14.Only Sales tax is applicable

A : Black: **Business No** : 00 05 05 08 00 0000 35001875

B : Red: **Business/ Bank Account No** : 00 05 05 08 00 0000 35001875 01806901

C : Green: **Business/ Bank Account/ Taxation No** :

00 05 05 08 00 0000 35001875 01806901 03 01 124 0092 02 010
1 2 3 4 5 6 7 8 9 10 11 12 13 14

Notes :-

1. These codes should be **Maximum expendable** according to the requirement. With the help of these codes information related to any person can be translated within no time.
2. These systems can be designed in such a fashion that a complete Information related to any person (citizen or individual or proprietor /firm/company/society) can be obtained within no time, which indirectly can help in better planning and proper implementation of policies.
3. Record Keeping should be based on, in every Village, Town, City etc. and should be done by the Senior students of the schools and all the students of the colleges as a part of their syllabus under the supervision of a separate department.
4. Detail of all Bank account number (unit wise) and Taxation number (unit wise) should be provided along with Business number.
5. A master of Transfer Register should be separately maintained.

Family card:

Information should be provided in a small booklet about Citizen/ Banking/ Taxation particulars of all the family members.

Business card:

Information should be provided in a small booklet about Business/ Banking/ Taxation particulars of all the partners of a firm/ directors of a company.

It should be available in physical as well as digital form also.

Shri Paramdham, Meerut