

**A White Paper  
On  
State-Level Value Added Tax**



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By

The Empowered Committee of State Finance Ministers

(Constituted By the Ministry of Finance,  
Government of India

On the Basis of Resolution Adopted in the  
Conference of the Chief Ministers on  
November 16, 1999)

**New Delhi  
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## PREFACE

This White Paper is a result of collective efforts of all the States in formulating the basic design of the State-level Value Added Tax (VAT) through repeated and candid discussions in the Empowered Committee of State Finance Ministers.

The State-level VAT, as elaborated in this White Paper, has certain distinct advantages over the existing sales tax structure. The VAT will not only provide full set-off for input tax as well as tax on previous purchases, but it will also abolish the burden of several of the existing taxes, such as turnover tax, surcharge on sales tax, additional surcharge, special additional tax, etc. **In** addition, Central Sales Tax is also going to be phased out. As a result, the overall tax burden will be rationalised, and prices, in general will fall. Moreover, VAT will replace the existing system of inspection by a system of built-in self-assessment by traders and manufacturers. The tax structure will become simple and more transparent. This will significantly improve tax compliance and will also help increase revenue growth.

While this State-level VAT has all these advantages, it is a State subject derived from Entry 54 of the State List, for which the States are sovereign in taking decisions. **In** arriving at these decisions on VAT, the States, through discussion in the Empowered Committee, have found it in their interests, to avoid unhealthy competition and have certain features of VAT to be common for all the States. These features will constitute the basic design of VAT. At the same time, the States will have freedom for appropriate variations consistent with this basic design. This White Paper is a collective attempt of the States to strike a balance between this needed commonality and the desired federal flexibility in the VAT structure.

The White Paper also strikes a balance between what is possible in the VAT design to begin with and what can be improved upon in subsequent years as we gather more experience.

The White Paper further mentions how after working out a consensus on this VAT design, nearly all the States either have finalised their VAT Bills by now and are in the process of obtaining Presidential Assent, or will reach that stage very soon. Even for one major State where there are some ground-level problems, a positive interaction with the Empowered Committee has recently opened up the possibility of resolving most of these problems.

These efforts of the States towards formulation of VAT design and its implementation have received full cooperation of the Finance Ministry, Government of India. At the same time, the Finance Ministry has never imposed their views on us. We, therefore, remain thankful to the former Union Finance Ministers-Dr. Manmohan Singh, Shri Yashwant Sinha and Shri Jaswant Singh. We are specially grateful to Shri P. Chidambaram, the present Union Finance Minister, for his active support over the last eight months, when he not only helped formulate the modality of Central financial support to the States for possible loss of revenue in the transitional years of implementation of VAT, but also took time off his busy schedule to participate with us in the campaign for VAT in the States.

It has always been fruitful to have interaction with Dr. Parthasarathi Shome, Adviser to the Union Finance Minister, for his insightful observations on the analytical structure of VAT as well as his reference to vast experience in the implementation of VAT. The Secretary Revenue, Additional Secretary Revenue and all the concerned officials of the Revenue Department of the Finance Ministry have helped us by participating in the discussions whenever we requested them. Interaction with Dr. Govinda Rao, the Chairman of Technical Experts Committee on VAT and other members of the Committee has also been useful. We take this opportunity to thank all of them.

Discussions with the representatives of trade organisations and chambers of commerce and industry at the national level as well as in the States have been relevant in assessing the ground-level difficulties. Together with them, we are determined to overcome these difficulties in implementing VAT in the States. We remain thankful to them, and our mutual interaction will take place regularly.

Finally this White Paper could be written only on the basis of lively support of the Finance Ministers of the States, and with constant help from the Finance Secretaries and the Commissioners of Commercial Taxes of the States. The Commissioners of Commercial Taxes have often burnt their midnight oil, and their contribution should be particularly recorded. Shri Ramesh Chandra, Member-Secretary of the Empowered Committee had to carry on the difficult administrative task in the functioning of the Empowered Committee. We appreciate the efforts of Shri Chandra and the staff of the Empowered Committee.

Even after all these efforts, there may be some unavoidable shortcomings in this White Paper, which we will try to overcome as we learn

more from the actual experience *of* implementation *of* VAT. With this background and the attitude, this White Paper is an expression *of* the genuine commitment *of* the States to the implementation *of* VAT *from* April 1, 2005, which we are all looking forward to.

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New Delhi,  
January 17, 2005.

## **A White Paper On State-Level Value Added Tax**

This White Paper on State-level Value Added Tax (VAT) is presented in three parts. To begin with, the justification of VAT and its background have been mentioned (Part 1). In Part 2, the main design of VAT, as evolved on the basis of a consensus among the States through repeated discussions in the Empowered Committee, has been elaborated. While doing so, it is recognised that this VAT is a State subject and therefore the States will have freedom for appropriate variations consistent with the basic design as agreed upon at the Empowered Committee. Finally, in Part 3, the other related issues have been discussed for effective implementation of VAT.

### **1. Justification of VAT and Background**

1.1 In the existing sales tax structure, there are problems of double taxation of commodities and multiplicity of taxes, resulting in a cascading tax burden. For instance, in the existing structure, before a commodity is produced, inputs are first taxed, and then after the commodity is produced with input tax load, output is taxed again. This causes an unfair double taxation with cascading effects. In the VAT, a set-off is given for input tax as well as tax paid on previous purchases. In the prevailing sales tax structure, there is in several States also a multiplicity of taxes, such as turnover tax, surcharge on sales tax, additional surcharge, etc. With introduction of VAT, these other taxes will be abolished. In addition, Central sales tax is also going to be phased out. As a result, overall tax burden will be rationalised, and prices in general will also fall. Moreover, VAT will replace the existing system of inspection by a system of built-in self-assessment by the dealers and auditing. The tax structure will become simple and more transparent. That will improve tax compliance and also augment revenue growth. Thus, to repeat, with the introduction of VAT, benefits will be as follows:

- a set-off will be given for input tax as well as tax paid on previous purchases
- other taxes, such as turnover tax, surcharge, additional surcharge, etc. will be abolished
- overall tax burden will be rationalised

- prices will in general fall
- there will be self-assessment by dealers
- transparency will increase
- there will be higher revenue growth

The VAT will therefore help common people, traders, industrialists and also the Government. It is indeed a move towards more efficiency, equal competition and fairness in the taxation system.

1.2 For these beneficial effects, a full-fledged VAT was initiated first in Brazil in mid 1960's, then in European countries in 1970's and subsequently introduced in about 130 countries, including several federal countries. In Asia, it has been introduced by a large number of countries from China to Sri Lanka. Even in India, there has been a VAT system introduced by the Government of India for about last ten years in respect of Central excise duties. At the State-level, the VAT system as decided by the State Governments would now be introduced in terms of Entry 54 of the State List of the Constitution.

1.3 The first preliminary discussion on State-level VAT took place in a meeting of Chief Ministers convened by Dr. Manmohan Singh, the then Union Finance Minister in 1995. In this meeting, the basic issues on VAT were discussed in general terms and this was followed up by periodic interactions of State Finance Ministers. Thereafter, in a significant meeting of all Chief Ministers, convened on November 16, 1999 by Shri Yashwant Sinha, the then Union Finance Minister, three important decisions were taken. First, before the introduction of State-level VAT, the unhealthy sales tax rate "war" among the States would have to end and sales tax rates would need to be harmonised by implementing uniform floor rates of sales tax for different categories of commodities with effect from January I, 2000. Second, in the interest again of harmonisation of incidence of sales tax, the sales-tax-related industrial incentive schemes would also have to be discontinued with effect from January I, 2000. Third, on the basis of achievement of the first two objectives, steps would be taken by the States for introduction of State-level VAT after adequate preparation. For implementing these decisions, an Empowered Committee of State Finance Ministers was set-up.

1.4 Thereafter, this Empowered Committee has met regularly, attended by the State Finance Ministers, and also by the Finance Secretaries and the Commissioners of Commercial Taxes of the State Governments as well as senior officials of the Revenue Department of the Ministry of Finance, Government of India. Through repeated discussions and collective efforts in the Empowered Committee, it was possible within a period of about a year and a half to achieve nearly 98 per cent success in the first two objectives on harmonisation of sales tax structure through implementation of uniform floor rates of sales tax and discontinuation of sales-tax-related incentive schemes. As a part of regular monitoring, whenever any deviation is reported from the uniform floor rates of sales tax, or from decision on incentives, the Empowered Committee takes up the matter with the concerned State and also the Government of India for necessary rectification.

1.5 After reaching this stage, steps were initiated for systematic preparation for the introduction of State-level VAT. In order again to avoid any unhealthy competition among the States which may lead to distortions in manufacturing and trade, attempts have been made from the very beginning to harmonise the VAT design in the States, keeping also in view the distinctive features of each State and the need for federal flexibility. This has been done by the States collectively agreeing, through repeated discussions in the Empowered Committee, to certain common points of convergence regarding VAT, and allowing at the same time certain flexibility for the local characteristics of the States.

1.6 Along with these measures at ensuring convergence on the basic issues on VAT, steps have also been taken for necessary training, computerisation and interaction with trade and industry, particularly at the State levels. This interaction with trade and industry is being specially emphasised.

1.7 It may be noted that while such preparation was going on, the Chief Ministers of all the States in an important meeting on State-level VAT convened by the Prime Minister on October 18, 2002, when Shri Jaswant Singh, the then Union Finance Minister was present, clearly stated their intention of introducing VAT from April 1, 2003. About 29 States and Union Territories had expeditiously sent their Bills to the Ministry of Finance, Government of India for prior vetting. The Union Ministry of

Finance had considered these Bills of States and Union Territories, and sent their comments/ suggestions to the States and Union Territories in line with the decisions of the Empowered Committee of the State Finance Ministers for incorporating the same in VAT Bills to be placed in the State legislatures and subsequent transmission to the Government of India for Presidential Assent. At this stage, there were certain developments which delayed the introduction of VAT. Despite these developments, most of the States remained positively interested in implementation of VAT. Madhya Pradesh VAT Bill had already been accorded Presidential Assent in November 2002. One State, namely, Haryana, has already introduced VAT on its own with good results on revenue growth. It is important to note that in the meeting of Empowered Committee on June 18, 2004 when Shri P. Chidambaram, the Union Finance Minister, was invited and was kindly present, all the States, excepting one, once again categorically renewed their commitment to the introduction of VAT from April 1, 2005. Even for this particular State with certain problems, a positive interaction has recently been organised with that State to resolve certain genuine ground-level problems. Now nearly all the States have either finalised their VAT Bills and are in the process of obtaining Presidential Assent, or will reach that stage very soon.

## **2. Design of State-Level VAT**

2.1 As already mentioned, the design of State-level VAT has been worked out by the Empowered Committee through several rounds of discussion and striking a federal balance between the common points of convergence regarding VAT and flexibility for the local characteristics of the States. Since the State-level VAT is centred around the basic concept of "set-off" for the tax paid earlier, the needed common points of convergence also relate to this concept of set-off/input tax credit, its coverage and related issues as elaborated below.

### **Concept of VAT and Set-off / Input Tax Credit**

2.2 The essence of VAT is in providing set-off for the tax paid earlier, and this is given effect through the concept of input tax credit/rebate. This input tax credit in relation to any period means setting off the amount of input tax by a registered dealer against the amount of his output tax. The Value Added Tax (VAT) is based on the value addition to the goods, and the related VAT liability of the dealer is calculated by deducting input tax credit

from tax collected on sales during the payment period (say, a month).

If, for example, input worth Rs. 1,00,000/- is purchased and sales are worth Rs. 2,00,000/- in a month, and input tax rate and output tax rate are 4% and 10% respectively, then input tax credit/set-off and calculation of VAT will be as shown below:

(a) Input purchased within the month:	Rs. 1,00,000/-
(b) Output sold in the month	Rs. 2,00,000/-
(c) Input tax paid	Rs. 4,000/-
(d) Output tax payable	Rs. 20,000/-
(e) VAT payable during the month after set-off/input tax credit [(d) - (c)]	Rs. 16,000/-

#### Coverage of Set-Off / **Input** Tax Credit

2.3 This input tax credit will be given for both manufacturers and traders for purchase of inputs/supplies meant for both sale within the State as well as to other States, irrespective of when these will be utilised/ sold. This also reduces immediate tax liability.

Even for stock transfer/consignment sale of goods out of the State, input tax paid in excess of 4% will be eligible for tax credit.

#### Carrying Over of Tax Credit

2.4 If the tax credit exceeds the tax payable on sales in a month, the excess credit will be carried over to the end of next financial year. If there is any excess unadjusted input tax credit at the end of second year, then the same will be eligible for refund.

Input tax credit on capital goods will also be available for traders and manufacturers. Tax credit on capital goods may be adjusted over a maximum of 36 equal monthly instalments. The States may at their option reduce this number of instalments.

There will be a negative list for capital goods (on the basis of principles already decided by the Empowered Committee) not eligible for input tax credit.

#### **Treatment of Exports, etc.**

2.5 For all exports made out of the country, tax paid within the State will be refunded in full, and this refund will be made within three months. Units located in SEZ and EOU will be granted either exemption from payment of input tax or refund of the input tax paid within three months.

### **Inputs Procured from Other States**

2.6 Tax paid on inputs procured from other States through inter-State sale and stock transfer will not be eligible for credit. However, a decision has been taken for duly phasing out of inter-State sales tax or Central sales tax. As a preparation for that, a comprehensive inter-State tax information exchange system is also being set up.

### **Treatment of Opening Stock**

2.7 All tax-paid goods purchased on or after April 1, 2004 and still in stock as on April 1, 2005 will be eligible to receive input tax credit, subject to submission of requisite documents. Resellers holding tax-paid goods on April 1, 2005 will also be eligible. VAT will be levied on the goods when sold on and after April 1, 2005 and input tax credit will be given for the sales tax already paid in the previous year. This tax credit will be available over a period of 6 months after an interval of 3 months needed for verification.

### **Compulsory Issue of Tax Invoice, Cash Memo or Bill**

2.8 This entire design of VAT with input tax credit is crucially based on documentation of tax invoice, cash memo or bill. Every registered dealer, having turnover of sales above an amount specified, shall issue to the purchaser serially numbered tax invoice with the prescribed particulars. This tax invoice will be signed and dated by the dealer or his regular employee, showing the required particulars. The dealer shall keep a counterfoil or duplicate of such tax invoice duly signed and dated. Failure to comply with the above will attract penalty.

### **Registration, Small Dealers and Composition Scheme**

2.9 Registration of dealers with gross annual turnover above Rs. 5 lakh will be compulsory. There will be provision for voluntary registration. All existing dealers will be automatically registered under the VAT Act. A new dealer will be allowed 30 days time from the date of liability to get registered.

Small dealers with gross annual turnover not exceeding Rs. 5lakh will

not be liable to pay VAT. States will have flexibility to fix this threshold limit within Rs. 5 lakh.

Small dealers with annual gross turnover not exceeding Rs. 50 lakh who are otherwise liable to pay VAT, shall however have the option for a composition scheme with payment of tax at a small percentage of gross turnover. The dealers opting for this composition scheme will not be entitled to input tax credit.

### **Tax Payer's Identification Number (TIN)**

2.10 The Tax Payer's Identification Number will consist of 11 digit numerals throughout the country. First two characters will represent the State Code as used by the Union Ministry of Home Affairs. The set-up of the next nine characters may, however, be different in different States.

### **Return**

2.11 Under VAT, simplified form of returns will be notified. Returns are to be filed monthly / quarterly as specified in the State Acts/Rules, and will be accompanied with payment challans. Every return furnished by dealers will be scrutinised expeditiously within prescribed time limit from the date of filing the return. If any technical mistake is detected on scrutinising the dealer will be required to pay the deficit appropriately.

### **Procedure of Self-Assessment of VAT Liability**

2.12 The basic simplification in VAT is that VAT liability will be self-assessed by the dealers themselves in terms of submission of returns upon setting off the tax credit. Return forms as well as other procedures will be simple in all States. There will no longer be compulsory assessment at the end of each year as is existing now. If no specific notice is issued proposing departmental audit of the books of accounts of the dealer within the time limit specified in the Act, the dealer will be deemed to have been self-assessed on the basis of returns submitted by him.

Because of the importance of the concept of self-assessment in VAT, provision for "self-assessment" will be stated in the VAT Bills of the States.

### **Audit**

2.13 Correctness of self-assessment will be checked through a system of Departmental Audit. A certain percentage of the dealers will be taken up for audit every year on a scientific basis. If, however, evasion is detected on

audit, the concerned dealer may be taken up for audit for previous periods. This Audit Wing will remain delinked from tax collection wing to remove any bias. The audit team will conduct its work in a time bound manner and audit will be completed within six months. The audit report will be transparently sent to the dealer also.

Simultaneously, a cross-checking, computerised system is being worked out on the basis of coordination between the tax authorities of the State Governments and the authorities of Central Excise and Income Tax to compare constantly the tax returns and set-off documents of VAT system of the States and those of Central Excise and Income Tax. This comprehensive cross-checking system will help reduce tax evasion and also lead to significant growth of tax revenue. At the same time, by protecting transparently the interests of tax-complying dealers against the unfair practices of tax-evaders, the system will also bring in more equal competition in the sphere of trade and industry.

#### Declaration Form

2.14 There will be no need for any provision for concessional sale under the VAT Act since the provision for setoff makes the input zero-rated. Hence, there will be no need for declaration form, which will be a further relief for dealers.

#### Incentives

2.15 Under the VAT system, the existing incentive schemes may be continued in the manner deemed appropriate by the States after ensuring that VAT chain is not affected.

#### Other Taxes

2.16 As mentioned earlier, all other existing taxes such as turnover tax, surcharge, additional surcharge and Special Additional Tax (SAT) would be abolished. There will not be any reference to these taxes in the VAT Bills. The States that have already introduced entry tax and intend to continue with this tax should make it vatable. If not made vatable, entry tax will need to be abolished. However, this will not apply to entry tax that may be levied in lieu of octroi.

#### Penal Provisions

2.17 Penal provisions in the VAT Bills should not be more stringent than in the existing Sales Tax Act.

## Coverage of Goods under VAT

2.18 In general, all the goods, including declared goods will be covered under VAT and will get the benefit of input tax credit.

The only few goods which will be outside VAT will be liquor, lottery tickets, petrol, diesel, aviation turbine fuel and other motor spirit since their prices are not fully market determined. These will continue to be taxed under the Sales Tax Act or any other State Act or even by making special provisions in the VAT Act itself, and with uniform floor rates decided by the Empowered Committee.

## VAT Rates and Classification of Commodities

2.19 Under the VAT system covering about 550 goods, there will be only two basic VAT rates of 4% and 12.5%, plus a specific category of tax-exempted goods and a special VAT rate of 1 % only for gold and silver ornaments, etc. Thus the multiplicity of rates in the existing structure will be done away with under the VAT system.

Under exempted category there will be about 46 commodities comprising of natural and unprocessed products in unorganised sector, items which are legally barred from taxation and items which have social implications. Included in this exempted category is a set of maximum of 10 commodities flexibly chosen by individual States from a list of goods (finalised by the Empowered Committee) which are of local social importance for the individual States without having any inter-state implication. The rest of the commodities in the list will be common for all the States. Under 4% VAT rate category there will be the largest number of goods (about 270), common for all the States, comprising of items of basic necessities such as medicines and drugs, all agricultural and industrial inputs, capital goods and declared goods. The schedule of commodities will be attached to the VAT Bill of every State. The remaining commodities, common for all the States, will fall under the general VAT rate of 12.5%.

In terms of decision of the Empowered Committee, VAT on Additional Excise Duty items (namely, sugar, textile and tobacco), because of initial organisational difficulties, will not be imposed for one year after the introduction of VAT, and till then the existing arrangement will continue. The position will be reviewed after one year.

## Effects of the VAT System

2.20 This design of the State-level VAT has been carefully worked out

by the Empowered Committee after repeated interactions with the States and others concerned and striking a balance between the needed convergence and federal flexibility as well as ground-level reality. If now all the components of the VAT design are taken together, then it will be seen that the total effect of this VAT system will be *to* rationalise the tax burden and bring down, in general, the price level. This will also stop unhealthy tax-rate "war" and trade diversion among the States, which had adversely affected interests of all the States in the past. Moreover, this VAT design will also significantly bring in simplicity and transparency in the tax structure, thereby improving tax-compliance and eventually also the revenue growth, as mentioned in the beginning.

### 3. Steps Taken by the States

3.1 It is now of significance *to* note that most of the States, after collective interaction in the Empowered Committee, have either already modified *or* agreed *to* modify their VAT Bills by incorporating these common points of convergence including flexibility as mentioned in the VAT design above, and are also taking other preparatory steps towards introduction of VAT from April 1, 2005.

3.2 As a part of the preparatory steps, the States have started the process of preparing the draft of VAT Rules, including Books of Accounts to be maintained. The objective will be to keep these as simple as possible so that it becomes easy for a small trader to comply with the requirements.

3.3 Moreover, the States have initiated, and in many cases also completed, steps for computerisation upto the levels of assessing officers and also at the check posts. This process will continue since this is extremely important for document-based verification and integration with Taxation Information Exchange System as well as with information of the Central excise and income tax systems as indicated earlier.

3.4 It may be mentioned here that appropriate Central funds for VAT-related computerisation in the North-Eastern States are also being released by the Government of India.

### **4. Related Issues**

4.1 While the States have thus taken several steps towards introduction of VAT, certain supporting decisions were critically needed at the national

level for more effective implementation of VAT from April 1, 2005.

4.2 It needs to be carefully noted that although introduction of VAT may, after a few years, lead to revenue growth, there may be a loss of revenue in some States in the initial years of transition. It is with this in view that the Government of India had agreed to compensate for 100 per cent of the loss in the first year, 75 per cent of the loss in the second year and 50 per cent of the loss in the third year of introduction of VAT, and the loss would be computed on the basis of an agreed formula. This position has not only been reaffirmed by the Union Finance Minister in his Budget Speech of 2004-05, but a concrete formula for this compensation has also now been worked out after interaction between the Union Finance Minister and the Empowered Committee.

4.3 As mentioned earlier, there is also a need, after introduction of VAT for phasing out of Central Sales Tax (CST). However, the States are now collecting nearly Rs. 15 thousand crore every year from CST. There is accordingly a need of compensation from the Government of India for this loss of revenue as CST is phased out. Moreover, while CST is phased out, there is also a critical need for putting in place a regulatory frame-work in terms of Taxation Information Exchange System to give a comprehensive picture of inter-State trade of all commodities. As already mentioned, this process of setting up of Taxation Information Exchange System has already been started by the Empowered Committee, and is expected to be completed within one year. The position regarding CST will be reviewed by the Empowered Committee during 2005-06, and suitable decision on the phasing out of CST will be taken.

4.4 It is also essential to bring imports into the VAT chain. Because of the set-off, this will not result in any tax cascading effect, but will only improve tax compliance. A proposal for VAT on imports, including the collection mechanism with adequate safeguards for the protection of interest of land-locked States, is being discussed with the Government of India.

4.5 Similarly, discussion between the Empowered Committee and the Government of India is going on for an early decision on the question of collection and appropriation of service tax by the Centre and the States.

If decisions on VAT on imports and service tax are taken expeditiously at the national level, then these two important spheres of taxation can be integrated, along with the AED items as mentioned earlier, into the VAT

system of the States from the second year of introduction of VAT.

4.6 It may be noted that this VAT design has been worked out carefully by the Empowered Committee to strike a balance not only between the common points of convergence and federal flexibility, but also a balance between what can be done to begin with and what should be incorporated subsequently for further perfection of the VAT system.

4.7 For successful implementation of State-level VAT, close interaction with trade and industry is specially important. The Empowered Committee has therefore also set up a Consultative Committee with one representative from each of the national level trade organisations and national level chambers of commerce and industry. This Committee has already started interacting with the Empowered Committee. This process of interaction will continue regularly to discuss issues and sort out problems of implementation of VAT. Such Consultative Committees will also be set up at the level of each State, and interaction with the State Government will take place in a similarly regular manner.

4.8 In course of discussion with representatives of trade and industry, reference has often been made to the earlier VAT Bills of some of the States. It should be clearly noted, as already mentioned before, that all the States have agreed to amend their earlier VAT Bills so as to conform broadly to the common design as elaborated in this White Paper. This process of amendment has also already started. The point of reference on VAT should therefore be this design of VAT as explained in this White Paper. It should also be mentioned that there are some important points on the ground-level implementation of VAT which have been raised by the representatives of trade and industry. Many of the points will be taken care of in the VAT rules of the States, with changes where necessary.

4.9 Finally, a comprehensive campaign on State-level will be launched to communicate in simple and transparent manner the benefit of VAT for common people, traders, industrialists and also the State Governments. This campaign will then be launched first at the national level on the basis of necessary coordination between the States and the Centre. This will then be simultaneously followed up at the level of every State and also in districts of the States. This campaign will be based on written materials as well as publicity through all media. The purpose of this campaign will be a two-way interaction between the Government and the trade and industry as well as the common people.

There is now only looking forward to the introduction of State-level VAT by all the States and Union Territories from April 1, 2005. We seek cooperation of all sections of people in the country

**DISCLAIMER**

Though utmost care has been taken in re-producing this white paper on VAT, however, the authentication shall be of original document