OBJECTIVE

1. The basic objective of tax reform would be to address the problems of the current system. It should establish a tax system that is economically efficient and neutral in its application, distributional attractive and simple to administer.

2. The second factor is the infrastructure for tax administration, including the design of tax forms, data requirements, system of tax rulings and interpretations, and the procedures for registration, filing and processing of tax returns, tax payments and refunds, audits, and appeals.

3. The third factor in a federation such as India is the degree of harmonization among the taxes levied by the Centre and the States. The Empowered Committee has already indicated a preference for a dual GST, consisting of a Centre GST and a State GST.

4. Another important objective of tax reform is simplification of tax administration and compliance, which is dependent on three factors.