

Sales Tax System in West Bengal

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The system of sales taxation in West Bengal is marked by an unusual degree of complexity. Starting as a simple uniform levy on retail sale of all commodities with a few exceptions, the tax has now grown into a formidable structure containing elements of first-point, last-point as well as multi-point taxation with, for some years, as many as five statutes to govern its implementation. The rates too vary widely from one to 18 per cent. Inevitably the system of administration of such a structure has also become complex.

The present study is a part of a series of studies on the major taxes in the State commissioned in the Institute by the Government of West Bengal. It reviews the trends in sales tax revenue in the State and the underlying factors, and subsequently examines the tax structure in an attempt to indicate feasible directions of reform. The study is supported by extensive statistics drawn from both primary and secondary sources. The reforms suggested for the State, it is hoped, would provide useful insights into the problem of implementing the sales tax in the Indian economy and help to evolve a blueprint for restructuring the sales tax systems of other States as well.

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