

Uttar Pradesh government out to woo tax-hit traders

With an eye to the Lok Sabha polls early next year, the Uttar Pradesh government is already in an appeasement mood, and after wooing different caste groups, the ruling Bahujan Samaj Party (BSP) has now begun targeting another vote bank - the trading community.

The beginning was made with an open house meeting between traders and senior government officials over various issues related to value-added tax (VAT) that was enforced by the BSP government shortly after it assumed power last year.

Bulk of the trading community feels the new tax regime is not only complicated but also cumbersome, and require rationalisation.

The previous government under Mulayam Singh Yadav enjoyed the support of the trading community by not implementing VAT in the state. Uttar Pradesh became the last state to adopt the uniform tax regime only after BSP formed the next government under Mayawati.

Convened by principal secretary (institutional finance) Desh Deepak Verma here Wednesday, the day-long interactive session gave a cross-section of trade associations an opportunity to voice their grievance.

The meet came in sharp contrast to the government's earlier stance of not even giving a hearing to traders.

'We wanted traders to understand that the government is open to their suggestions for rationalising the VAT structure and its modalities and procedures, which were seen as irritants,' Verma told IANS.

'The purpose of the session was to have their point of view, so that we could consider suitable amendments; after all, the government's aim is not to harass traders. That is the reason we have initiated this exercise of free exchange of ideas.'

Verma said the government wanted to simplify processes and was willing to cut down tax rates on certain items as long as the overall revenue was not affected.

According to him, traders too have shown inclination to accept the government's suggestion to hike tax on certain items.

Uttar Pradesh annually nets about Rs.205.5 billion (Rs.20,553 crore) from VAT. However, there are about 100 items on which the tax rate is much higher than that in several neighbouring states.

'We are going to take up such issues through similar interactions with trader representatives. I am confident we will be able to thrash out mutually acceptable solutions,' Verma said.

'I can clearly vouch that rationalisation of the tax structure and cutting down of unnecessary procedures will enable us to enhance the overall revenue accruing from VAT,' he added.

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