

GST Newsletter

The Constitution Amendment Bill has been passed in the Lok Sabha and presently pending with Rajya Sabha while all the efforts are being made by the ruling party to get the bill passed, political conditions do not seem to be conducive. The discussions and developments on the Bill as well as other aspects of proposed GST regime, during the month of January 2016, have been captured in this newsletter.

Deadline for GST likely to be pushed to April 1, 2017

The Central Government has set a new deadline for GST as April 1, 2017, a year after the current one. The source of top finance ministry said initially the ministry considered October 1, 2016, deadline but after considering the inputs received on field formation on GST infra preparation, it is considered to extend the deadline for a year. The major progress on GST would be made in budget session in which the government may also announce massive changes in Central Excise exemptions, service tax hike in line with the proposed GST.

Head of Empowered panel on GST, yet to be appointed

After resignation by Kerala Finance Minister KM Mani from the post of chairman of the Empowered Committee for GST, Union Finance Minister Arun Jaitley is yet to name a new chairman for the committee. The absence of a chairman has derailed its meetings needed to discuss the key issues on the proposed GST laws and rules.

Rahul Gandhi: GST Bill can be cleared on agreement to our three terms

The Congress Vice President Rahul Gandhi during interaction with management students, said that that Congress will support the GST Bill in Parliament and help to pass it in just "15 minutes" once government accepts the conditions set by his party. These three conditions are- (i)to mention cap on GST rate in the Constitution; (ii)removal of the proposed one percent additional tax on inter state movement of goods; and (iii)setting up a judicial panel to adjudicate disputes among the states.

Arun Jaitley: GST rate cap not be mentioned in the Bill

The Finance Minister Arun Jaitley at the World Economic Forum in Davos, had described the demand of Congress for putting a cap on tax rate in the Constitution Amendment Bill as 'preposterous' saying that nowhere in the world tariffs are mentioned in the Constitution.

GST should be levied on actual supply price

The government is likely to alleviate a major concern of retailers that the proposed GST would be paid on the actual supply price and would factor in discounts given to the customers. The main challenge with the proposal to levy GST on MRP in the earlier Model Law was that the discounted prices during the sales would not have been considered. Irrespective of the discounted prices actually paid by the customer, GST levied on MRP would have resulted in higher tax outgo. Under the revised version of the draft Model GST Act, it is likely that the reference to impose GST on maximum retail price (MRP) on supply to customers where the goods were governed by Legal Metrology Act will be removed.

Punjab FM: Punjab may suffer financial loss under GST

The Finance Minister Parminder Singh Dhindsa said, Punjab may suffer financial loss after implementation of GST and also expressed doubt over full compensation of state's revenue loss of about Rs 6000 crore under GST regime. He questioned over the recovery of revenue loss after 5 years of implementation of GST as thinks after five years, the state might suffer financial losses.

Healthcare sector demands exemption from GST

The Health Federation of India (Nathealth) has urged the government to exempt healthcare services from GST, increase tax exemption on preventive health checkups and set up healthcare infrastructure medical innovation funds. The Secretary of Nathealth said, currently healthcare is exempted from service tax and this should continue under the GST regime atleast for 10 years and only thereafter decision to levy service tax be considered by assessing the status of healthcare coverage, costs and performance on healthcare metrics. They also urged to withdraw service tax on health insurance premium.

Auto Industry Association (ACMA) urged for early implementation of GST

Automotive Component Manufacturers Association (ACMA), the apex body for Indian auto component industry as a part of recommendations for the upcoming Budget has urged the government for early implementation of GST and phasing out of Central Sales Tax. The association also recommended that the manufacturers generating their own power through gensets due to shortage of power, thus increasing the cost of production shall be allowed to avail input credit on diesel procured.

Textile Industry: GST should be levied on ex-factory prices

The Textile industry has recommended the government to levy GST on ex-factory price which is always much lower than the MRP and warned that if GST is levied on MRP as proposed then it would have multiple ill effects on the entire sector. The industry offers heavy discounts on MRP of branded garments not only in their factory outlets but also in organized retails to attract business, considering the expenses incurred on branding, transportation it is important that GST must be levied on ex-factory price which would be determined on actual manufacturing cost.

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