

GST Newsletter

The bill was passed unanimously by the Rajya Sabha and the Lok Sabha in August and the government is running against time to meet the April 1 deadline for its implementation. With the President's assent, the focus now shifts to the enabling acts, which have to be passed in the Centre and the states. Sixteen of the country's 31 states have already ratified the GST. The discussions and developments on the Bill as well as other aspects of proposed GST regime, during the month of November 2016, have been captured in this newsletter.

GST Council fixes 4-rate structure

The four bands of tax rates have been fixed at 5 percent, 12 percent, 18 percent and 28 percent. This apart, another category of tax between 40 percent and 65 percent will be imposed on luxury goods like high-end cars, pan masala, aerated drinks and tobacco products. Food grains will be zero-rated to insulate people from inflationary pressures. There has been no consensus yet on tax rate for gold.

Centre, states make headway on key GST

Making headway on the long-pending GST Bill, the Centre and States agreed on the principle that the tax rate will be lower than the current levels even as the broad consensus emerged that the rate should not be part of the statute. A meeting of the Empowered Committee of State Finance Ministers convened by Finance Minister Arun Jaitley also agreed to include in the Constitutional Amendment Bill the mechanism of compensating states for any loss of revenue in first five years of Goods and Service Tax (GST) subsuming all indirect tax levies including VAT.

Efforts on to build consensus on sticky GST issues

Finance Minister Arun Jaitley said the Centre is making all efforts to build consensus on sticky issues, especially on jurisdiction of assesseees, to ensure GST rollout from April 1, 2017. "We are making all efforts to introduce GST from April 1, 2017. GST has to be implemented latest by September 16, 2017, and if it is not implemented by then, then states will not be able to collect their share of taxes, and hence there is not enough scope to further delay the decision,". Jaitley said the government has covered a lot of distance for implementation of the Goods and Services Tax (GST) and it does not want to resort to voting to decide on any issue at the GST Council meeting.

Centre to pay Rs. 500 cr a year to GST network as service charge

The Centre will annually pay nearly ₹500 crore to Goods and Services Tax (GST) Network as service charge on behalf of taxpayers. There was a plan to charge the assesseees but Government said since they will be paying tax to government, it will not be correct to charge them. The Centre will instead compensate GSTN for the service, according to Navin Kumar, Chairman, GST Network. The GST Network is a not-for profit organisation created as a special purpose vehicle to implement technology to run GST. The Centre and States have 24.5 per cent stake respectively while financial institutions have 51 per cent in GSTN.

Travel, hotel sectors seek clarity on tax rate under GST

The travel, tourism and hospitality sectors have been eagerly awaiting the government's decision on goods and services tax (GST) and the way it will get implemented in the country. While finance minister Arun Jaitley has finalised the four-tier tax slabs, the industry players continue to look for more clarity on how positively or negatively GST will impact their respective businesses. Executives from travel and hotel companies said they were not in a position to give a comment as precise details were not available to decipher the impact of GST on their operations. According to taxation experts, the impact of GST on the tourism and hospitality sectors will completely depend on slabs under which the various services are being taxed.

Jitendra Singh bats for implementation of GST in J&K

Union Minister of state in the PMO Jitendra Singh said the introduction of Goods and Services Tax (GST) in Jammu and Kashmir would help boost the economy of the state. The provisions in GST will certainly boost the economy of the State and put it on the track to emerge as a part of the global economy towards which India is heading. Singh said that time has come, that the state of Jammu and Kashmir and the business community will have to come out of the mindset of being 'subsidy seekers' and instead aiming at becoming 'subsidy givers'.

Bills likely to be introduced as money Bills

The Centre has circulated the draft goods and services tax (GST) Bills with the states, but it does not contain the four-slab rates agreed to by the GST Council earlier. The Union government has also circulated the draft compensation Bill with states. With a heated debate on in Parliament over the government's demonetisation move, the Centre is likely to introduce the Central GST and integrated GST Bills in late November or early December in the ongoing session in the form of money Bills, a move that may draw flak from the Opposition.

GST draft makes it must for companies to pass tax benefit to consumers

The government has proposed an “anti-profiteering” clause in the revised draft model goods and services law to ensure that businesses pass on any benefit of reduction in tax rates to consumers, a move aimed at checking any spike in prices of commodities as a result of the rollout of the ambitious tax reform measure.

Centre to compensate states every quarter for GST revenue loss

States will receive provisional compensation from Centre for loss of revenue from implementation of GST every quarter but the final annual number would be decided after an audit carried out by CAG. The compensation would be met through levy of a cess called ‘GST Compensation Cess’ on luxury items and sin goods like tobacco, for the first five years.

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