

Last four weeks had seen some significant moves in background of announcement of April 1, 2017 as deadline for implementation of GST. The most significant development has been meetings of GST council. The council has already conducted three meetings. As expected, there is difference of opinion between centre and States on certain issues, but as far as taxpayer is concerned the picture is becoming more and more vivid. The scene is not lacking in Drama quotient with protest from both Central and State government officers in an urge to protect and preserve their positions intact.

The announcement of Finance Minister Arun Jaitley that the new legislation empowers the government to continue levying excise duty, service tax and value added tax (VAT) till September 16, 2017 is a sign of relief for respective tax departments as well as taxpayer. The comment came after there were questions about legality of levying excise duty and service tax when provisions of the Constitution Amendment Act for GST had been notified on September 16. This would mean that those States who are not yet ready with GST infrastructure can go for slow and steady implementation of GST from September ,2017.

Developments that happened in last four weeks are summarized below:

MEETINGS OF GST COUNCIL

First Meeting-September 22-23/ 2016- In its first meeting , the Centre and States have agreed on a time table to decide tax rate, complete legislative frame works and close difference of opinion on exemptions, threshold etc. The meeting arrived at consensus on fixing exemption threshold for taxpayer at Rs. 20 lakhs. For North-East States the threshold has been set at Rs. 10 lakhs.

One of the main proposal which came as a relief to the taxpayer was that existing service tax assesseees up to turnover of Rs.1.5 crore would continue to be administered by Central government for a period of three years on account of fact that the State is not having experience in administering service tax.

Second Meeting- September 30-October1st 2016- The proposal of central government regarding administrative control over service providers up to turnover of 1.5 crore was objected to by State government on ground that they wanted exclusive control over suppliers of both goods and services up to turnover of 1.5 crore. The government also wants the Centre to allot the tax-payers whose turnover is above Rs. 1.5 crore in proportion to the number of VAT dealers and service tax assesseees dealt at present by the State and Central government tax authorities respectively.

The meeting however agreed on five subordinate legislations dealing with registration, rules for payments, return, refund and invoices.

Regarding treatment of exemptions, it was agreed that benefit of exemption would operate on refund basis with collecting tax first and refunding applicable tax subsequently.

Third Meeting-October 18 -20 2016- In its third meeting the ministry of finance proposed a four tier GST Rate structure with two standard rates of 12% and 18%. Food items and other necessities would be taxed at 6% while luxury products would be taxed at 26%. In addition, a cess is proposed to be levied on luxury items, tobacco products and environmentally harmful products. The meeting ended without arriving at any consensus on rates proposed. Next meeting is proposed to take place on November 9-10.

WHAT IS GOING ON IN STATE'S MIND

The State governments are demanding for Central government to vest with it the administrative control over all tax-payers whose turnover is less than Rs. 1.5 crore, irrespective of goods or services they deal in. The government also wants the Centre to allot the tax-payers whose turnover is above Rs. 1.5 crore in proportion to the number of VAT dealers and service tax assesseees dealt at present by the State and Central government tax authorities respectively.

In addition to the above, the Kerala Finance Minister TM Thomas Isaac protested against the procedures adopted for the conduct of the GST Council meeting. He also protested against the rate of compensation fixed at 14% which was demanded to be fixed at 205 in view of percentage of growth of his State during last five years.

Tamilnadu has moved from its aggressive stand of staying away from GST to joining the band, with specific demand as to September 1 to be the effective date for implementation of GST.

ALL IS NOT WELL WITH COMMERCIAL TAX AND CENTRAL EXCISE DEPARTMENT

All India Confederation of Commercial Taxes Association (AICCTA) protested against the Goods and Services Tax [GST] Council's decision to keep a section of assesseees of the Goods Tax and all assesseees of Service Tax under the exclusive control of the Central government. The demand is to let state government have power on both goods and services up to 1.5 crore mark and to let states administer IGST.

On the other hand All India Association of Central Excise Gazetted Executive Officers is opposed to any assessee of excise and service tax being moved to states in the new GST regime and has given notice for protest that includes lunch hour dharnas and mass casual leave on the budget day. In a meeting with the ministry last week, central excise officers flagged their concerns about the use of technology and transfer of any assessee of excise and service tax to states under the new framework, leading to surplus manpower.

STRICTURES AGAINST CRITICS

Media reports that central government has issued memo threatening disciplinary action against associations or federations which comment adversely about the government and its policies.

GSTN

GSTN is set to launch registration portal for the registration of taxpayers such as traders, manufactures and service providers in November.

It was also clarified the expense of operating GSTN would be met by charging a user fee which will be payable by respective State and Central government on basis of number of assesseees using the system.

The Cabinet Committee on Economic has approved 'Project SAKSHAM', a New Indirect Tax Network (Systems Integration) of the Central Board of Excise and Customs (CBEC). The total project cost involved is Rs.2256 crore which will be incurred over a period of seven years. It will help in:

- implementation of Goods and Services Tax (GST),
- extension of the Indian Customs Single Window Interface for Facilitating Trade (SWIFT) and
- other taxpayer friendly initiatives under Digital India and Ease of Doing Business of Central Board of Excise and Customs.

DEMANDS FROM INDUSTRY

- Traders body CAIT on Friday proposed that the government should waive penalties on compliance errors during the first three years of rollout of the goods and services tax (GST) regime.

- In its bid to train & educate the trading community on GST compliance and its seamless adoption, the Confederation of All India Traders (CAIT), has joined hands with a software product company. CAIT will launch a nationwide campaign in association with Tally Solutions Private Limited (TSPL) to help traders across the country to understand the impact of GST on their business.
- A Voluntary Action group – Consumer Voice demands that sin goods as tobacco be taxed at higher GST rate of 40% in order to save millions of Indians from dying prematurely of tobacco related diseases.

WHAT TO LOOK FOR

- Next meeting of GST Council Scheduled for first week of November, 2016;
- Winter session of parliament, which is advanced for facilitating GST implementation , to commence from November 16 to December 16

LINKS TO DOCUMENTS ON GST RECENTLY RELEASED AND AVAILABLE IN PUBLIC DOMAIN

FAQ ON GST	http://www.cbec.gov.in/resources/htdocs-cbec/deptt_offcr/faq-on-gst.pdf;jsessionid=25F989F3B13CE5F7C93E24280BC887DF
Draft Return rules and formats	http://www.cbec.gov.in/resources/htdocs-cbec/gst/draft-return-rules-26092016.pdf http://www.cbec.gov.in/resources/htdocs-cbec/gst/draft-return-formats-26092016.pdf
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