

## GST (Goods & Service Tax) – An Update



*The Central government has been taking various steps towards the implementation of the country's most ambitious indirect tax reform of Goods and Services Tax which is expected to roll out from 1<sup>st</sup> July 1 2017. The GST Council chaired by Union Finance Minister Shri Arun Jaitley is meeting regularly to clear upon various issues related to GST implementation in India. Few outcomes of the regular GST council meetings (12 in total) are as follows:*

### a) Approval of Draft GST Laws

At the 11<sup>th</sup> GST Council meeting held on 3<sup>rd</sup> & 4<sup>th</sup> March 2017 at Delhi, the council approved the draft CGST Bill, IGST Bill & Compensation to States Law as vetted by the Union Law Ministry. Further, GST Council at its 12<sup>th</sup> meeting held on 16<sup>th</sup> March 2017 approved the draft State Goods and Services Tax (SGST) Bill and the Union territory Goods and Services Tax (UTGST) Bill which clears the way for the Central Government/State Government to take up these Bills to the Parliament/legislative assembly for their passage.

Also, there are 9 draft Rules to be read with the GST Law of which the GST Council has already approved Registration, Payment, Refunds, Returns and Invoices Rules. The four other rules viz. Composition, Valuation, Input tax credit and Transition Rules will be taken up for approval in the next GST Council Meeting scheduled to be held on 31<sup>st</sup> March 2017.

### b) Dual Control & Assessment

On dual control, it has been decided that 90% assesseees with turnover upto ₹1.5 crore will be assessed by states and 10% by Centre. However, for turnover above ₹1.5 crore assessment would be made in the ratio of 50:50 by States and Centre.

### c) Four-tier GST Tax Structure

Moving swiftly on the road to formalising the biggest reform of the indirect tax regime, the GST Council decided a four-tier GST tax structure of 5%, 12%, 18% and 28%, with zero rate for essential items and the highest for luxury and de-merits goods which are also expected to attract an additional cess. GST Council on 16<sup>th</sup> March 2017 has also approved the higher tax rate of 20% under the CGST Bill and SGST Bill; meaning thereby that the peak rate of GST could be raised up to 40% in aggregate in the future.

Another rate of zero percent is decided for to cover the essential items including food, which presently constitute roughly half of the consumer inflation basket. Luxury cars, tobacco, pan masala and aerated drinks would also be levied

(Contributed by Indirect Taxes Committee of the ICAI. Comments can be sent at [itdc@icai.in](mailto:itdc@icai.in).)

with an additional cess on top of the highest tax rate. The interest of common man has been duly taken care of which is evident from finalisation of 5% tax rate on common use items, as against 6% proposed earlier. However, no clarity has been provided by GST Council regarding the expected GST rate for jewellery.

#### d) **Threshold Exemption Limit**

GST Council decided that the basic threshold exemption limit may be upheld at ₹10 Lacs for Special Category states and ₹20 lacs for all other states.

### Migration to GST

Goods and Service Tax Network (GSTN) has provided the procedures for the transition to the GST for the existing taxpayers of VAT, Service Tax and Central Excise at the website [www.gst.gov.in](http://www.gst.gov.in). CBEC has made available GST MIGRATION SEVA KENDRAS in its field offices and MOBILE VANS with scanners/computers to assist taxpayers in Migration process.

A simple PPT prepared by CBEC which is step by step guide for Migration process is also available at <https://goo.gl/ygxPpt>. A GST enrolment process is also available at <https://goo.gl/jLUUYC>. A Video Tutorial guiding GST Migration is available at <http://tutorial.gst.gov.in/video/>. Further, a mobile app named "**CBEC GST**" has been launched to enhance awareness about GST and Migration procedure.

### ICAI's Contribution for Smooth Implementation of GST

#### a) **GST Impact Study for Delhi Government:**

With a view to facilitate the Government of Delhi in understanding the impact of GST on Delhi Taxation System, the Indirect Taxes Committee has submitted a Study Report to the Delhi Government. The report entails the impact of GST implementation on Delhi economy, provides a comparative report on revenue under the present and GST regime etc.

#### b) **ICAI as Knowledge Partner at Programmes on GST:**

- An Outreach Programme on Migration to GSTN was organised by the Service Tax Commissionerate, Delhi-III in Association with ICAI as a Knowledge Partner on 22<sup>nd</sup> February, 2017 at Delhi.

- An Interactive programme on GST was organised by the Service Tax Commissionerate, Delhi-I in Association with ICAI as a Knowledge Partner on 17<sup>th</sup> March 2017 at Delhi.

- c) **Live Webcasts:** As its support initiative towards GST implementation in India and to disseminate GST knowledge among masses the Indirect Taxes Committee organised a Series of Live Webcasts on Revised Model GST Law in January & Feb-March 2017, recordings of which are available for offline viewing at [www.idtc.icai.org](http://www.idtc.icai.org) or <https://www.youtube.com/indirecttaxcommittee>.

#### d) **New Publications on GST:**

- **Background Material on Revised Model GST Law**

It is very comprehensive material containing a clause by clause analysis of the revised Model GST Law along with FAQ's, MCQ's, Flowcharts and Illustrations etc. to make the reading and understanding easier.

- **Simplified GST Guide for Manufacturer**  
This simplified GST Guide on manufacturer aptly covers aspects of transaction related to manufacture like levy and exemption, registration, time and place of supply, valuation, input tax credit, job work and much more under foreseen GST in very simple and easy to comprehend language.
- **Study Paper on Unjust Enrichment**  
This Study Paper has been designed to provide in depth practical and theoretical knowledge of concept of unjust enrichment.
- **Study Paper on Taxation of E-Commerce under GST**

Considering that in this era of technology, this Study Paper on Taxation of E-Commerce has been specifically designed to provide in-depth knowledge of provisions of upcoming GST pertaining to E-Commerce Transactions in a very practical and simplified manner.

- **FAQ and MCQ on Revised Model GST Law**

This novel initiative of the Committee provides a comprehensive coverage of GST in question answer format as an easy & lucid way to understand the law. ■