

GST (Goods and Services Tax)— An Update



GST scheduled to be roll-out by 1st July 2017

The Government of India has emphasised that Goods and Services Tax (GST) is scheduled to roll-out on 1st July, 2017. The Central Board of Excise and Customs (CBEC) in coordination with the State Governments have increased their outreach programmes with regard to Goods and Services Tax (GST) so as to reach the last trader. The GST formations are being notified shortly. The window for migration to GSTN has re-opened to assist the remaining taxpayers. The preparations are in full swing for a smooth implementation of the landmark tax reform from 1st July, 2017.

18 Sectoral Groups formed for smooth roll-out of GST

18 Sectoral Groups representing various sectors of the economy and containing Senior Officers of the Centre and the States are being set-up to ensure smooth implementation of GST by timely responding to the issues and problems of their respective Sector(s). These sectors include:

Sector	Sector
Banking, Financial & Insurance	Services received and provided by Government
Telecom	Food Processing
Exports (incl EOU's and SEZs)	E-commerce
IT & ITes	Big Infra (Airport & Sea ports including Maintenance, Repair & Overhaul, Power Sector, Housing and Construction)
Transport & Logistics	Travel & Tourism
Textiles	Handicrafts

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

Sector	Sector
MSMEs (incl. job work)	Media & Entertainment
Oil & Gas (upstream & downstream)	Drugs & Pharmaceuticals
Gems & Jewellery	Mining

The groups have been formed with the following objectives:

- Interact and examine representations received from trade and industry associations/bodies of their respective sector.
- Highlight specific issues for the smooth transition of the respective sector to the GST regime.
- Prepare sector specific draft guidance.

The officials of these Sectoral Groups will deal with the issues and the problems of the respective sector(s) they represent. Concerned industry Groups/Associations or even individual industry representative(s) may approach the respective Sectoral Group officers with their problems, if any, relating to GST implementation who, in turn, will try to guide and help them in resolving the same. This exercise will help in dealing with most of the sectoral problems and issues at the local/regional level.

Meeting of GSPs held by GSTN

Goods & Services Tax Network (GSTN) held a Review Meeting with GST Suvidha Providers (GSPs) on 9th June 2017 to assess readiness for GST roll-out from 1st July 2017. GSTN also published and explained the method and manner in which the GSPs would be able to integrate with the GST System to be able to submit all the return forms on behalf of their clients and tax payers. GSPs were advised to continue to visit the GSP ecosystem webpage on the GSTN website (www.gstn.org/ecosystem) for all information, latest updates and guidelines.

GST Facilitation Cells at different Ministries/Departments and Public Sector Undertakings (PSUs)

The Cabinet Secretary, Government of India, Shri P. K. Sinha asked the Secretaries of the different Ministries/Departments to set-up a Goods and Service Tax (GST) Facilitation Cell in their respective Department/Ministry which will be in constant touch with the major industry and business associations relating to the respective Ministry/Department and provide all possible support for the smooth roll-out of GST w.e.f. 1st July 2017. The GST Facilitation Cells may serve as the first point of contact for addressing any issue being faced by any business or industrial sector related to the respective Ministry.

Abolition of various Cesses for smooth roll-out of GST

Taxation Laws Amendment Act, 2017, has abolished the following cesses whose date of implementation will coincide with the date of the GST roll-out:

- a) The Rubber Act, 1947 – Cess on Rubber
- b) The Industries (Development and Regulation) Act, 1951 – Cess on Automobile
- c) The Tea Act, 1953 – Cess on Tea
- d) The Coal Mines (Conservation and Development) Act, 1974 – Cess on Coal
- e) The Beedi Workers' Welfare Cess Act, 1971 – Cess on Beedis
- f) The Water (Prevention and Control of Pollution) Cess Act, 1977 – Cess levied on Water consumed by certain industries and by local authorities.
- g) The Sugar Cess Act 1982, the Sugar Development Fund Act, 1982 – Cess on Sugar
- h) The Jute Manufacturers Cess Act, 1983 – Cess on Jute Goods manufactured or produced or in part of Jute.
- i) The Finance (2) Act, 2004 – Education Cess on Excisable Goods
- j) The Finance Act, 2007 – Secondary and Higher Education Cess on Excisable Goods
- k) The Finance Act, 2010 – Clean Energy Cess
- l) The Finance Act, 2015 – Swachh Bharat Cess
- m) The Finance Act, 2016 – Infrastructure Cess and Krishi Kalyan Cess

However, 7 cesses will continue to be levied under the GST regime since they pertain to customs or goods not covered under GST. They are:

- a) Education Cess on Imported Goods
- b) Secondary and Higher Education Cess on Imported Goods

- c) Cess on Crude Petroleum Oil under the Oil Industry Development Act, 1974
- d) Additional Duty of Excise on Motor Spirit (Road Cess)
- e) Additional Duty of Excise on High Speed Diesel Oil (Road Cess)
- f) Special Additional Duty of Excise on Motor Spirit
- g) NCCD on Tobacco and Tobacco Products and Crude Petroleum Oil.

15th Meeting of GST Council

The GST Council met for the 15th time on 3rd June 2017 under the chairmanship of hon'ble Finance Minister Shri Arun Jaitley and decided upon the rates for almost all the remaining items, such as precious metals (gold and silver), diamonds, biscuits, textiles, and footwear. Final approval was provided to Return Rules and Transition Rules. For transitional credit of goods where duty payment document is missing and the tax rate exceeds 18%, traders and retailers can claim 60% credit against the CGST or SGST payable. For tax rate below 18%, it will be retained at 40% only.

16th Meeting of GST Council

The 16th meeting of GST Council was held on 11th June 2017 wherein after considering the recommendations from trade and industry the rates of 66 items were reduced. The new reductions were based on two major principles, maintaining equivalence and the change in the utilisation behaviour. Further, the turnover limit for Composition levy for CGST and SGST purposes was increased from ₹50 lakh to ₹75 lakh in respect of all eligible registered persons i.e. Manufacturer, Trading & Restaurants. Final approval was provided to Accounts and Records Rules. The next meeting of GST Council is scheduled to be held on 18th June 2017 to take up the pending matters.

SGST Act passed by 25 States

The steadily growing number of States passing the SGST Act shows that the even States are now keen to bring this unified taxation system into effect from 1st July, 2017. Till date, 25 states have passed the SGST Act wherein Meghalaya is latest to join the league. States of Punjab, Tamil Nadu, Kerala, Karnataka, Jammu & Kashmir and West Bengal are yet to pass the State GST (SGST) Act. ■