

GST Council clears bulk of rules for new tax regime

The GST Council cleared the bulk of the rules framework that constitutes the nuts and bolts of the goods and services tax regime, days after the Lok Sabha approved crucial laws related to it.

The quick decision by the GST Council on Friday brightens the chances of the new tax being rolled out from July 1 though industry has stepped up the demand for a September 1 start to give it more time for preparation.

The council will take up on May 18-19 the last big remaining task of fitting individual goods into the four tax slabs already decided.

The council approved five rules dealing with registration, refunds, returns, invoice-debit and credit note payments that have been amended in line with changes to the GST laws.

"Draft rules for input tax credit, valuation, transition and composition scheme have been approved by the council," finance minister Arun Jaitley said after the meeting.

These drafts will be made public so that industry can give inputs and the final draft will be up for approval at the next council meeting to be held on May 18-19 in Srinagar.

The Lok Sabha had on March 29 approved the four GST laws — central GST, integrated-GST, union territory - GST and compensation. These now have to be approved by the Rajya Sabha, which should not pose a problem as these are Money Bills.

The next meeting will also take up the crucial issue of deciding the slabs that goods and services will be slotted into.

The council has finalised a four-tier tax structure of 5%, 12%, 18% and 28%, but the highest rate has been pegged at 40%.

With the next council meeting more than a month away, achieving the deadline may be difficult, experts said.

"Given the fact that the council is meeting next on May 18-19 to finalise these rules and rates would be finalised thereafter, implementing GST from July 1 may be extremely difficult for the government," said Pratik Jain, indirect tax leader, PwC. "One could expect that the voices for September 1 implementation would get stronger over the next few days."

MS Mani, senior director, Deloitte Haskins & Sells, concurred with Jain.

"Today's announcement of the draft rules together with the GST legislations approved two days back gives businesses a very short window of three months to prepare," he said. "Since the rates would be known only by end of May, a process-based systematic approach by businesses is the need of the hour."

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