

GST Council to decide on rates in May

The goods and services tax (GST) Council on Friday cleared rules on five aspects of the new indirect tax regime and tentatively approved four sets of norms.

This follows the clearing of the GST Bills by the Lok Sabha and the focus shifting to rules and the fitment of rates.

The Council's next meeting on May 18 and 19 in Srinagar will take up the four sets of norms (tentatively approved on Friday) and item wise rates.

This will leave six weeks for businesses to prepare for these changes before the planned rollout on July 1.

The five sets of rules the Council cleared are on registration, returns, payment, refunds and invoices.

They were approved earlier, too, but were changed in bits and pieces to bring them in sync with the four Bills cleared by the Lok Sabha.

The latter will be discussed and passed in the Rajya Sabha when Parliament reconvenes on Wednesday, after a short break.

The other four it approved were with regard to input tax credit, valuation, transitional provisions and composition, Union Finance Minister Arun Jaitley told reporters.

They will be put in the public domain for suggestions for them to be taken up at the next meeting in May.

The Council will consider the fitment of items in the five slabs —zero, five per cent, 12 per cent, 18 per cent and 28 per cent.

'Sin' and luxury products such as tobacco, cigarettes, coal, luxury cars and aerated drinks will attract a cess over the peak rate of 28 percent.

The issue is if the fitment of rates and the four sets of rules are settled by May 19, businesses get one and a half months to prepare for these changes.

If these are delayed, they are left with even less time.

However, an official in the finance ministry said the rate fitment would largely be a mechanical exercise.

This means the items will attract the GST rates that correspond roughly to the present indirect tax incidence.

Even so, rules on input tax credit and transition are relevant and these might be cleared only in the next Council meeting.

Also important are rules on valuation.

Businesses want to know what happens to their interbranch transfers.

Kerala Finance Minister Thomas Isaac said: “We must not delay the GST rollout.” Delhi Deputy Chief Minister Manish Sisodia agreed.

“We are all ready for July 1,” he said.

Parliamentary Affairs Minister Ananth Kumar said once the Bills got the presidential assent and were notified, the legislative assemblies of states would need to pass their state GST Bills soon after, preferably by calling a special session.

In the Rajya Sabha, Opposition parties, particularly the Congress, Trinamool Congress and Left, have indicated they might move amendments to the Central GST and Integrated GST Bills.

They are saying the existing Bills have made the GST Council superior to Parliament, as the government would go by the Council’s recommendations on setting the rates.

However, the GST Bills are money Bills.

This means the Lok Sabha can reject any amendments the Rajya Sabha might adopt.

(Business Standard)