

GST BULLETIN

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Low GST rates for natural fibers below Rs 1000

Confederation of Indian Textile Industry (CITI) has welcomed the GST rates for all natural fibres including cotton, cotton yarn, fabrics and readymade garments valued below Rs.1000 at 5%. CITI chairman J Thulasidharan observed that 18% GST rate levied on manmade fibre and synthetic yarn would have inverted duty structure problem as the fabric would attract only 5% GST rate. However, Thulasidharan urged the government to reconsider the high rates of MMF products

Logistics industry to undergo numerous changes

With the commencement of GST, the logistics industry is expected to undergo many changes. Certain segments would have a very positive impact because of GST like warehousing, e-commerce logistics and less than truckload companies. However, GST would be highly

as India is suffering a huge competitive disadvantage in the global textile market as the MMF based textile products are attracting higher rates of import duty. Keeping the GST rates at this rate will undoubtedly cripple hundreds of small and medium synthetic textile manufacturers.

COMMENT: GST rates for all natural fibres kept at low level so that, especially cotton based products can grow faster.

challenging for full truckload companies who will face difficulties to comply with the e-way bill rules on time. Despite the total tax per cent on logistics, the net impact on logistics businesses would be positive due to the input credit claimable on expenses which couldn't be claimed for in the past. The old exemptions and reverse charge rules have been continued and that's positive. Despite these positives, a few essential services haven't been exempted and will be

GST set at 5% on footwear below Rs 500, 18% on rest

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The GST Council recently decided on tax rates for six goods including footwear, textiles, biscuits and gold. Footwear below Rs 500 would be charged 5% GST, while the rest, that above Rs 500, would be in the 18% bracket when the new regime rolls out from July. Currently, footwear priced from Rs 500-1,000 attracts 6% excise duty. Besides, states also levy VAT. Items like readymade garments would be taxed at 12%, while cotton textiles and cotton yarn will be in the 5% category. Bidis are likely to be taxed at the highest rate of 28%. The Council at its 15th meeting today took up for discussion the remaining goods for taxation.

Comment: GST, to be rolled out from July 1, will unify 16 different taxes and make India a single market.

discussed by the logistics trade bodies with the government.

COMMENT: Once GST comes in, a lot of non-ecommerce players which are traditional businesses are going to change their entire supply chain strategy.

GST to further dent beedi industry

The GST has come as a major blow to the beedi industry as the industry will witness downfall with the Union government's decision to impose 28% GST on beedi and 18% GST on tendu leaves. Trade union leaders say the price of beedis would increase further with the GST being enforced, forcing people to purchase mini-cigarettes. Manufacturers will reduce the production of beedis, further increasing the rate of unemployment. State secretary of Telangana Beedi and Cigar Workers'

3% GST on gold

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Jewellers across the country are happy with the 3% rate fixed on gold jewellery under the GST. Currently, gold jewellers pay 1% excise and 1.2% VAT over and above the 10% customs duty on bullion. This effectively works out to 12.43%. With the introduction of GST at 3% for gold and 18% for making charges, and keeping customs at 10%, the effective rate comes to 15.67%. So, the effective price escalation on gold jewellery comes to 3.24 percentage points. This is still a win-win for gold jewelers. Besides, since the government will recover an additional Rs 6,000 crore from this industry, subsidy on gold would come down, considering an annual consumption of 700 tonnes. The industry, however, needs clarity on standardised billing procedures for selling gold jewellery, as some jewellers show making charges separately, while others include them in the price of gold.

COMMENT: This is a win-win for gold jewellers particularly after the chief economic advisor's report of Rs 10,800-crore subsidy on gold.

Federation, affiliated to the All-India Trade Union Congress (AITUC), Samalla Malleshram, found fault with the Centre increasing the GST and pushing the beedi industry into crisis without providing an alternative source of employment to the employees.

Comment: Lakhs of people would be denied employment as beedi companies would be forced to close down following the high tax rate.

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