

GST BULLETIN

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GST Council finally reaches consensus on the issue of dual control

The GST council meet on 16th January finally broke the dead lock over the issue of administrative control over assessees and broadly agreed to roll out the GST from July 1, the state and center reached the consensus over who will assess and entity and the same would be decided through a computer program. The council also resolved the logjam over the right to tax economic activities within 12 nautical miles from India's coasts.

Assesseees with a turnover over Rs 1.5 crore will be administratively controlled by

the Centre and states in equal measure. However, Jaitley said no assessee would be controlled by two authorities and there would be computer-based enforcement at both the Centre and the states. Those assessees who fall under the integrated GST (IGST) — for the movement of goods and services between states — will also be administered by the Centre and states, depending on their annual turnover (Rs 1.5 crore, or more).

COMMENT: It is a positive news as the main issues of dual control has been sorted out by the Center and states

and there is clarity as to when the GST will be rolled out.

GST migration of Gujarat registered dealers compulsory irrespective of turnover

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It is mandatory for all existing registered dealers to enroll under GST. Turnover of the dealers who have not logged into the GSTN Portal on the understanding that their aggregate turnover is less than 20 Lakhs will be verified by team from CTD (Enforcement) after 21/1/2017.

Aggregate turnover includes Taxable, Non Taxable and exempted goods. Also the aggregate turnover will include turnover of transactions across the country.

Tax evasion up to Rs 2 cr is a bailable offence under new tax regime

The Central and State Governments in order to make GST regime less onerous have decided to water down the penal provisions to ensure a trader gets immediate bail if the alleged tax evasion is up to Rs. 2 crore.

"In case of offences where the amount does not exceed Rs. 2

crore, the person arrested for violation of GST laws will be entitled to bail," an official said, adding that the penal provisions in the GST will be less onerous than the provision in the Indian Penal Code (IPC) for the same type of offences.

COMMENT: This is positive step as the assessee will

Comment: These instructions shall be strictly and the dealers shall get registration done accordingly.

scrutinized as per penal provisions in GST rather than that of IPC. It comes as result to end fear of jail and raid raj under new tax regime.

The textile industry seeks a uniform duty of 5% under GST

The textile industry seeks duty of 5% under new tax regime. The government had announced special packages for the apparel sector in June last year and for made-ups in December. M. Senthil Kumar, Chairman, Southern India Mills' Association said that "The government has already announced packages for different segments of the industry. But the focus is on GST," the spokesperson said. Till the GST is rolled out, "we hope there will be no changes in the optional CENVAT that is implemented now.

Comment: Since the government has already announced these packages, it may take steps to ensure less burden on textile industry after transition to GST.

Power ministry seeks relief for renewable energy

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In a presentation made to the GST council on 16th January the power proposed giving either deemed export status or zero GST rate for renewable power. The union power ministry has told GST the Council the current form could push up power generation cost, especially of renewable energy, which will further dent the ability of debt-ridden distribution companies to serve electricity unless specific relief measures are built in. While solar panels and other equipment used for power production will come under GST, the final product, electricity has been kept out. This means power producers will not be able to set off part of the indirect tax liability on their output using credit for the taxes already paid on raw materials and services availed.

COMMENT: The generation of Energy is one important aspects of our economy the government shall take measure to reduce the negative impact of GST on power sector.