

GST BULLETIN

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No consensus on issue of dual control between center and state

The GST council meet on 11th December was yet again inconclusive on the issue of dual control of the assessee. One of the main targets of the council was to decide the issue of dual control. However, the two day meeting was reduced to half and even on Sunday the contentious couldn't be discussed.

The council had gone through

which occupied most of the time.

However, the finance minister Arun Jaitley was adamant that the Center is committed to its April 1st, 2017 target. The next GST council meet is scheduled for December 22-23.

COMMENT: The April 1st rollout looks more and more uncertain amidst all the

dual control is the most important one of them.

GST jurisdiction a tough challenge : Arun Jaitley

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Arun Jaitley stated that implementation of GST bound by calendar deadline as the Constitutional Amendment provides that existing indirect tax regime can continue only till 16th of September next year. Further, Jaitley added that the GST council is working on mode of tax which would provide for only one assessment on the tax payer to be accepted by both taxing authorities.

COMMENT: This is positive to ensure that the tax payer is not put through extra burden.

"In the draft legislation there are about 195 sections. So it is the core bill of the legislation. We discussed 99 sections and a few clauses need to be redrafted. We would change that during the course of time. Hopefully, in the next meeting we would be able to clear the legislation part"

clause by clause of the humungous draft legislation

GST rate structure to be reviewed in wake of demonetization

CBEC chairman Mr. Najeeb Shah ruled out a single rate for the Goods and Service Tax. In a National conference on GST organized by ASSOCHAH he stated that the Goods and Service Tax rate

issues which are yet to be discussed. Consensus on

structure may be reviewed in wake of demonetization. He urged the industry to ready for GST. Further, he stated that we don't want to reduce the dual to dual with regard to the issue of dual control among States and the Centre.

COMMENT: The effect of demonetization would certainly take its toll on rate structure of GST.

Chances of passing the GST bill winter session nears end

The chances of passing the GST bill winter session are very less as the Parliament session ends on 16th December. Due to the long weekend announced by the Parliament, both houses will now meet on Wednesday and the session will wrap up by Friday. Further, the GST council has also failed to reach consensus on dual control in a recently held meeting. Considering the adamant stand by some States like Kerala and West Bengal, the rollout GST by April 1st looks very uncertain.

COMMENT: The GST bill has to be passed in winter session for GST bill to be rolled out in April, 2017, so far this looks highly unlikely. Even the extended period for implementation of GST bill exists till September 16, 2017.

Centre comes up with alternative model to break the GST logjam

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The issue of dual has been dragged on for some time now and Centre has come with an alternative model to resolve the issue. One of the finance ministry officials has said that as per the new proposal, there will be a cap of 5% for the Centre. It is only up to this 5% that the Centre will have audit and scrutiny powers over tax assesses falling up to 1.5 crore turnover category. Another proposal is this 5% be further split into 60:40 ratio with 60% going to the States and the remaining 40% to the Centre. Of the 40% Centre will audit 20% small units and 80 % large. This is set to be introduced in the next meeting.

COMMENT: The Centre is taking steps to solve the issue of dual control and this looks like a positive step towards achieving the result.