

# GST BULLETIN

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## **GST council approves draft CGST and SGST laws but the issue of dual control stills remains unresolved**

GST council made some progress by approving the primary draft laws of CGST & SGST. The meeting which was chaired by finance minister Mr. Arun Jaitley agreed on 197 provisions and five schedules in the CGST and SGST draft laws. Briefing after the end of 7<sup>th</sup> meeting which concluded on 23<sup>rd</sup> December the finance

dual control. He stated that the legally vetted language and along with the issue of dual control will be taken up in the meeting which is to be held on 3<sup>rd</sup> January 2017.

The issue of dual control is regarding the distribution of rights between the Centre and state governments.

**COMMENT:** Although GST

The GST council has to reach the consensus regarding this issue at the earliest.

**Almost 75% of the officers among the targeted 60,000 trained for GST**

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Notwithstanding the uncertainty over roll out date, the national academy of Customs, Excise and Narcotics has already trained about 75% of the targeted field officials.. As per the latest data of NACEN 44,259 field officers have been trained. NACEN data stated that 2,060 trainers have been trained against the target of 1,600 and 310 master trainers have been skilled.

**COMMENT:** These officials would be instrumental in the implementation of the GST. Its positive step towards ensuring all other parallel are ready for the implementation of GST.

**“States will be compensated 100 % of the loss which is directly attributable to GST implementation for a period of 5 years”**

minister said that the states will be compensated for five years on any loss incurred due to the implementation of GST.

However there was no consensus on the key issue of

**Phone numbers and email ids must for migration to GST portal**

Commissioner for Central Excise and Service tax Mr. Sk. Rahaman has stated that mobile numbers and email ids

council has taken the positive step towards implementation of GST the key issue of dual control has been a major problem. The April 1<sup>st</sup> rollout looks more and more uncertain amidst this issue which is yet to be discussed.

will be made compulsory for the migration of tax payers registered under Central Excise and Sales tax . He stated that at present, there are some temporary and non-

Pan based registrants who have not provided their phone numbers and email ids and they cannot migrate if they don't provide these details which also may lead to cancellation of their registration. Mr. Rahman said that the Central Excise registrants shall migrate to the portal from January 1 to 15, 2017 while registrants of sales tax are required to follow it through from January 1 to January 31.

**COMMENT:** The tax payers already registered under Central Excise and Service tax shall follow these guidelines for hassle free migration.

### **Insurers want to be included in the merit rate category under GST**

The insurance companies seek to be included in the merit rate category which would mean tax at 5% which is much lower than that of other industries. Regarding the budget insurers have asked for separate window for premiums being paid similar to that of National Pension System.

**COMMENT:** It remains to be seen if their request would be accepted. But to be fair service of 12% on insurance premium was made applicable only from 2014 onwards. The levy has been a burden the industry since then and their request shall at least be considered.

### **Compensation to the states to be back table due to demonetization**

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The seventh meet of GST council saw the Centre and state agree upon the compensation detailing that the Centre will absorb any spill of revenue losses to states on account of GST implementation. However the quantum of compensation still remains an unresolved issue. Mr. Amit Mitra finance minister of west Bengal has stated that the earlier discussion on compensation had taken before the demonetization was announced and it was estimated, given only few large states would need compensation, it was decided that the Centre would pay states Rs 55,000 crore which raised through levy of cesses. But however after the demonetization the states expect tax revenues to be hit by 30-40% and hence the compensation amount needs to be revisited and the Centre should look for additional routes to raise the funds.

**COMMENT:** Demonetisation has created a huge impact on the revenue of the taxes and it seems very likely that the quantum of compensation will be revisited.