



GST Weekly Update

November 18, 2016

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While the GST Council meeting is scheduled next week, development has taken place on procedural front whereby trade & industry have been put into action. The update on various aspects of GST is enumerated as under:

1. CIRCULATION OF DRAFT GST BILLS TO STATES

- The Union government has circulated the draft Central Goods and Service Tax Bill ('CGST Bill'), the Integrated Goods and Service Tax Bill ('IGST Bill'), and the Goods and Service Tax (Compensation for loss of revenue) Bill ('Compensation Bill') to the States for consultation.
- The States have time of about one week to provide their views on the draft CGST Bill, IGST Bill and Compensation Bill, which will thereafter be taken up by the GST council for consideration during its meeting scheduled on November 24 and 25, 2016. Once the said Bills are cleared by the GST Council, the Bills will be introduced in the Winter Session of the Parliament.
- The draft CGST Bill and IGST Bill do not contain the four-slab rates agreed by the GST Council

ELP COMMENTS:

- The draft Bills are revised from original Model GST law and not put for public comments
- Since the four-slab rates of GST are not mentioned in the draft CGST and IGST Bill, the same may be separately provided by way of a notification.

2. INTRODUCTION OF GST BILLS IN PARLIAMENTARY SESSION

- The Government has listed the CGST Bill, IGST Bill, and Compensation Bill for consideration and passing in its legislative agenda for the Winter Session of the Parliament which has commenced on November 16, 2016 and to conclude on December 16, 2016.

ELP COMMENTS:

- As the aforesaid Bills will be introduced in the Parliament after being discussed by the GST Council during its impending meeting, it is likely that the said Bills will be introduced in the Parliament only in the second half of the Winter Session, which could be late – November or early – December.
- With the ongoing debate on demonetization being taken up in the Parliament, it will have to be seen whether this would impact the timely passage of the Bills during the Winter Session which is seen to be important to facilitate the roll-out of GST on the target date of April 1, 2017.

3. ENROLLMENT OF ASSESSEE UNDER GSTN PORTAL

- The enrolment process of VAT assessee under GSTN portal has been initiated as per the prescribed timeline by certain States and Union Territories which includes Goa, Gujarat, Maharashtra, Sikkim, Chhattisgarh and Pondicherry. The Sales Tax Department of the aforesaid States and Union Territories have issued circulars / guidelines to obtain provisional ID and password.

ELP COMMENTS:

- The Government is moving in a timely manner to enable the assessee under the present Indirect tax regime to register under the GST regime. This is a step in this direction.

4. GST COUNCIL MEETING ON NOVEMBER 24 AND 25, 2016

- The next GST Council meeting will discuss the draft CGST Bill, IGST Bill and the Compensation Bill, and the issue of administrative control over the assessee.

ELP COMMENTS:

- One of the controversial but highly critical issues to be discussed at the GST Council meeting is the issue of administrative control over the assesseees under GST. Although, the Government had suggested cross empowerment of the Centre and the States over the assesseees, the Finance Ministers of various States have expressed concerns over this model providing dual control over the assesseees. Another, model being considered is that of horizontal and vertical division. Horizontal division would mean that tax payers would be divided based on cut-off turnover i.e. below 1.5 crore turnover, assesseees would be administered by States and vertical division i.e. above 1.5 crore turnover, assesseees can be divided vertically for being administered by both, Centre and the States.

5. GST AND SPECIAL ECONOMIC ZONE (“SEZ”)

- The Government intends to amend the provisions of the Special Economic Zone Act, 2005 (‘SEZ Act’) and corresponding Rules so as to provide suitable benefit to SEZ from CGST / SGST / IGST. In this regard, Revenue secretary held an internal meeting on November 9, 2016 to assess the changes required in the SEZ Act so that such zones are not subject to undue hassles under the new Indirect tax regime.

ELP COMMENTS:

- The existing Indirect tax benefits enjoyed on supplies made to SEZ should be continued under the GST, and the Government must take necessary steps to ensure that status quo of benefits enjoyed on supplies made to SEZ is maintained under the GST regime.



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