



GST Council Meet - Highlights

Why in news?

\n\n

The GST council, in its latest meeting, has announced a range of changes, addressing many concerns with the GST regime.

\n\n

What are the highlights?

\n\n

\n

- **Composition Scheme** - Firms under the composition scheme can pay tax at a low 1-2% and file 4 returns a year unlike the regular 18% and 37 returns a year.

\n

- The threshold of annual aggregate turnover under the composition scheme has now been raised from Rs. 75 lacs to Rs. 1 crore.

\n

- The increase in the turnover threshold will make more taxpayers to avail the benefit of easier compliance under the scheme.

\n

- **Inter-state Supply** - The earlier mandatory registration for inter-state taxable supplies, irrespective of turnover, is now relaxed if the annual aggregate turnover is less than Rs. 20 lacs.

\n

- The relaxation is expected to significantly reduce the compliance cost of small service providers doing inter-state trade.

\n

- **Filing Returns** - Small and medium businesses with annual aggregate turnover up to Rs. 1.5 crores are now required to file returns and pay taxes only on a quarterly basis.

\n

- For those with turnover above Rs 1.5 crore, the existing system will continue

of three returns per month and so on.

\n

- The registered buyers from such small taxpayers would be eligible to avail ITC (Input Tax Credit) on a monthly basis.

\n

- This is expected to facilitate the ease of payment and return filing.

\n

- **Reverse Charge Mechanism** - This basically means that GST is to be paid and deposited with the government by the recipient and not by the supplier of goods and services.

\n

- This mechanism has now been suspended by the GST council until 31st March, 2018.

\n

- It will be reviewed by a committee of experts and decided further.

\n

- **GST on advance** - The requirement of GST on advance payments received has been relaxed for annual aggregate turnovers of up to Rs. 1.5 crores.

\n

- The GST on such supplies shall be payable only when the supply of goods is made, even if the advance is received before the issue of invoice.

\n

- **Unregistered Business** - It was found that the Goods Transport Agencies hesitated to provide services to unregistered persons, after GST regime.

\n

- Responding to this, the services provided by Goods Transport Agencies to small unregistered businesses have now been exempted from GST.

\n

- **E-way bill** - The complicated e-way bill system is now said to be introduced in gradually with effect from 01.01.2018

\n

- The nationwide roll out is said to be carried on with effect from 01.04.2018.

\n

- This is to give trade and industry more time to accustom themselves to the GST regime.

\n

- **Export** - The Council decided to continue with two pre-GST era schemes that allow duty-free sourcing of materials for export production till March 2018.

\n

- There is also an announcement on e-wallet for exporters, under which they will be given a notional amount as advance refund.

\n

- On the basis of this credit, firms can pay IGST and GST, and refunds will be offset against this.

- \n
- The Council has also decided to clear all tax refund claims of exporters earlier than the prior plan.
- \n
- **Other measures** - There are changes in tax rates, mostly a reduction, for nearly 25 items.
- \n
- The registration and operationalization of TDS/TCS provisions are postponed till 31st March, 2018.
- \n
- This is decided after assessing the readiness of the trade, industry and government departments.
- \n
- Invoice Rules have been modified to provide relief to certain classes of registered persons.
- \n
- Also, the last date for filing the return by taxpayers under composition scheme for recent months has been extended.
- \n
- Further, a Group of Ministers (GoM) shall be constituted to examine measures to make the composition scheme more attractive.
- \n

\n\n

What are the benefits?

\n\n

- \n
- The changes have come as a relief to small and medium businesses (SMEs) on filing and payment of taxes.
- \n
- The overall compliance burden for SMEs has been reduced.
- \n
- The changes on the export front will improve the liquidity of exporters by preventing their working capital from getting locked up in tax procedures.
- \n
- The changes seem to be simplifying the tax regime in many ways and encouraging fast adoption and access of GST among the trading community.
- \n

\n\n

\n\n

Source: Financial Express, The Hindu

\n\n

\n



IAS PARLIAMENT
Information is Empowering
A Shankar IAS Academy Initiative