

GOODS AND SERVICE TAX - NEWS

Empowered Committee on GST has released a Discussion Paper, highlights of which are paper is as given below:

- GST will have two components - one levied by the Centre, and the other levied by the States.
- The Central GST and State GST are to be paid to the accounts of the Centre and the States separately.
- Cross utilisation of ITC between the Central GST and the State GST would, in general, not be allowed.
- The administration of the Central GST would be with the Centre and for State GST with the States.
- Periodical returns to both the Central GST authority and to the concerned State GST authorities.
- Two-rate structure – Lower rate for necessary items and items of basic importance and a standard rate for goods in general. There will also be a special rate for precious metals and a list of exempted items.
- GST payer to be allotted a unique Identification number linked to PAN number
- Tax payers with annual turnover below Rs 10 lakh to be exempt from State GST and Tax payers below annual turnover of Rs 1.5 crore to be exempt from central GST
- Central and state GST to be applied on goods and services imported.

Empowered Committee has recommended that the following Central Taxes and state taxes should be subsumed under the Goods and Services Tax:

- (i) Central Excise Duty
- (ii) Additional Excise Duties
- (iii) The Excise Duty levied under the Medicinal and Toiletries Preparation Act
- (iv) Service Tax
- (v) Additional Customs Duty, commonly known as
- (vi) Countervailing Duty
- (vii) Special Additional Duty of Customs
- (viii) Surcharges, and Cesses.
- (ix) Value Added Tax
- (x) Central Sales Tax
- (xi) Entertainment tax (unless it is levied by the local bodies)
- (xii) Luxury tax
- (xiii) Taxes on lottery, betting and gambling.
- (xiv) State Cesses and Surcharges in so far as they relate to supply of goods and services.
- (xv) Entry tax not in lieu of Octroi.

[Comment: We at our firm are engaged in analyzing in detail GST. We would start sending you all such analysis with our special comments shortly.]

Thank you all for the appreciation that I received after writing my last column. Hope this would be even more beneficial as broad GST guidelines are now finally unveiled. Your valued suggestions, comments and opinion would always be welcomed.]