

# Bimal Jain

FCA, FCS, LLB, B.Com (Hons)

**Dear Professional Colleague,**

## **7<sup>th</sup> GST Council Meet: Agreement on CGST & SGST Laws, but stuck on dual control issue**

Since notification of the GST Council on September 12, 2016, six meetings of the GST Council have been held, wherein some of the important decisions have been taken, such as threshold limit for exemption from levy of GST, GST rates etc. (as mentioned in the report card issued by the Government on December 14, 2016).

In the series of events for GST implementation and amidst recent demonetisation of high-value currency by the Government which has led to lot of tussles in the Parliament, 7<sup>th</sup> GST Council meeting started with the agenda to build consensus on various major issues on 22-23 December, 2016, to roll out GST as envisaged from April 1, 2017. The key highlights of 7<sup>th</sup> GST Council meeting are as under:

- The members debated over the provisions of the Model Central/State legislation and finally, the Council reached a broad consensus on the draft of CGST and SGST Laws. The legally vetted copy of the drafts will be circulated to the States.
- GST Council agreed to a revenue sharing formula for compensating States losing out on account of GST rollout.
- Regarding the Compensation Law, Mr. Arun Jaitley who headed 7<sup>th</sup> GST Council meet, while briefing the media on the same, said that:
  - ✓ A few issues are left to be settled such as the source of the compensation fund but the said Law will be placed for approval, along with the Draft CGST/SGST Law, in legal language in the next meeting of the GST Council going to be held on January 3-4, 2017.
  - ✓ States will be compensated 100 per cent loss for 5 years.
  - ✓ The compensation to the States for the loss of revenue, if any, from the rollout of GST would be paid every two months.
- The Council, however, failed to arrive at consensus on Integrated GST Law and dual control regarding division of jurisdiction and administrative powers over tax assesses with an annual turnover of INR 1.5 crores, between the centre and the states.

Therefore, GST Council will meet again on January 3-4, 2017, to build a consensus on the contentious issue of dual control, cross-empowerment and Draft IGST Law. In this regard, Mr. Arun Jaitley added, by saying that:

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***“So, if I were to list the residual issues left for the next meeting, then they are the Interstate GST law, the issues of dual control and cross empowerment, and the approval of the legally vetted language”.***

*Hope the information will assist you in your Professional endeavours. In case of any query/information, please do not hesitate to write back to us.*

Thanks & Best Regards,

**Bimal Jain**

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