

# Bimal Jain

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Dear Professional Colleague,

## Key takeaways of 8<sup>th</sup> GST Council meeting: Impasse continues on dual control issue, next meeting on January 16

Racing against time on the Government's Goods and Services Tax ("GST") implementation target of April 1, 2017, two – day meeting of all powerful GST Council, 8<sup>th</sup> in a row, begun on January 3, 2017. On the first day of the GST Council meet, the Ministry of Civil Aviation, Commerce, Railways, Electronics and IT and industry bodies such as NASSCOM made presentations on their expectations from GST.

8<sup>th</sup> GST Council meet concluded on January 4, 2017, but, the deadlock continues between the Centre and the States on the vexed issue of "cross empowerment", or "dual control" of assesseees. Gist of the key takeaways from the 8<sup>th</sup> meeting of the GST Council is given hereunder for easy digest:

- **Dual Control issue:**

The GST Council has reached a stalemate on dual control between Centre and States. Even after eight meetings of the GST Council, the States and Centre have been unable to reach any consensus on the issue of dual control in administrative control of GST. The question of who will exercise control over GST assesseees -- the Centre or the States -- remains critical. The States want exclusive control on businesses with turnover below Rs. 1.5 crores, including the service taxpayers.

- **Cess:**

The States have demanded for enhancing the number of items on which cess is to be levied to compensate them to deal with revenue loss estimated at Rs. 90,000 Crore in the wake of demonetization.

In this regard, the Hon'ble Kerala Finance Minister, Mr. Thomas Isaac said that *"Earlier the Council had decided on four commodities for levying cess. Now it has been decided that it would be as notified by Council and at the end of year five it would be merged with the GST rate or divided between Centre and states as the Council decides."*

- **Taxation rights on High Seas Sale:**

Fresh roadblocks have emerged on products moving in High Seas with Coastal States demanding tax jurisdiction in the GST regime over high sea sales in offshore regions within 12 nautical miles, whereas Centre claims it to be a Union-administered territory. The issue broadly is that area within 12 nautical miles of the sea is Indian territory and a question arises whose territory it is - whether belong to the Centre or the States. Mr. Jaitley said that a constitutional answer needs to be found and the solution has to be legally tenable.

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- **IGST on transactions among SEZs:**

Making a presentation before the GST Council, Commerce and Industry Minister Ms. Nirmala Sitharaman sought exemption of Integrated Goods and Services Tax (IGST) on goods transferred from Special Economic Zones (SEZs) across States and said that since SEZs are considered economic zones outside the Country's territory, IGST should not apply on transactions among them. She also sought lower GST rates for employment-intensive plantation, leather and cement industries and urged not to end duty exemptions for exporters.

The Hon'ble Finance Minister, Mr. Arun Jaitley after the two-day GST Council meet said that IGST has 11 chapters and initial ones are discussed but few remains because discussion was inconclusive and said that they are hoping to resolve vexed issue of IGST and dual control over assesses in its next meeting on January 16, 2017:

*"We know the difficulties, we are moving against time. Dual control is a complex issue. We started a discussion that was inconclusive. We have decided to meet on January 16 to untie the knots in this issue."*

Further, in regard to implementation of GST from April 1, 2017, the Hon'ble Kerala Finance Minister, Mr. Thomas Isaac said the following-

*"Working overtime, it should be possible to meet the deadline of September. I am not very optimistic about rolling GST out in June/July. Because it is a new tax and lot of complexity involved, it would be better to move in after full preparation. So GST, to my understanding, will be implemented from September,"*

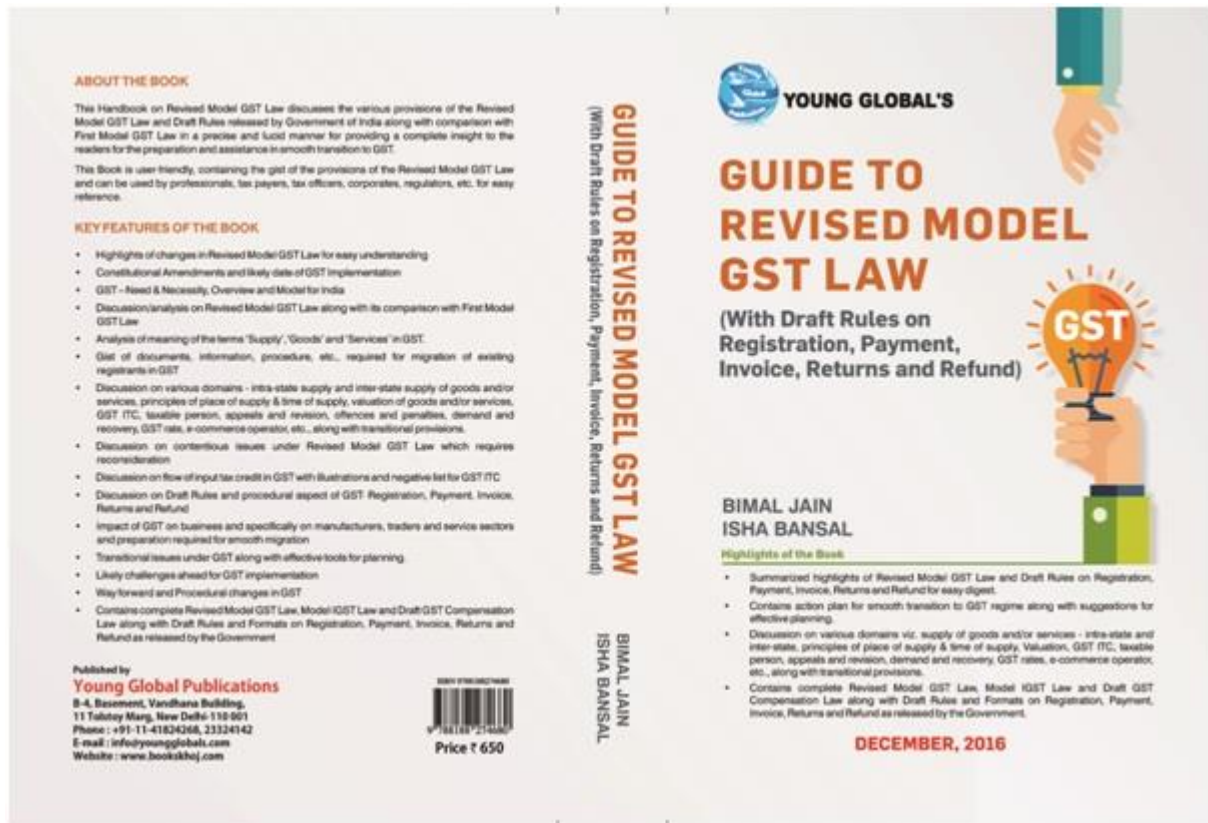
In the wake of the likely delay of GST implementation, the people at large, will get more time to prepare themselves for the biggest indirect taxation reform in India.

**Release of GST Book (3<sup>rd</sup> Edition) titled "GUIDE TO REVISED MODEL GST LAW (With Draft Rules on Registration, Payment, Invoice, Returns and Refund)"**

We are pleased to announce release of our Handbook on Goods and Services Tax, titled, "GUIDE TO REVISED MODEL GST LAW (With Draft Rules on Registration, Payment, Invoice, Returns and Refund)" [3<sup>rd</sup> Edition].

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This Guide to Revised Model GST Law, containing gist of all the provisions of the Model GST Law and the Draft Rules, at one place, will definitely be a building block for smooth sailing towards GST.

## KEY FEATURES OF THE BOOK

- Highlights of changes in Revised Model GST Law for easy understanding
- Constitutional Amendments and likely date of GST implementation
- GST – Need & Necessity, Overview and Model for India
- Discussion/analysis on Revised Model GST Law along with its comparison with First Model GST Law
- Analysis of meaning of the terms 'Supply', 'Goods' and 'Services' in GST
- Gist of documents, information, procedure, etc. required for migration of existing registrants in GST
- Discussion on various domains - intra-state supply and inter-state supply of goods and/or services, principles of place of supply & time of supply, valuation of goods

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and/or services, GST ITC, taxable person, appeals and revision, offences and penalties, demand and recovery, GST rate, e-commerce operator, etc., along with transitional provisions

- Discussion on contentious issues under Revised Model GST Law which requires reconsideration
- Discussion on flow of input tax credit in GST with illustrations and negative list of GST ITC
- Discussion on Draft Rules and procedural aspects of GST- Registration, Payment, Invoice, Returns and Refund
- Impact of GST on business and specifically on manufacturers, traders and service sectors and preparation required for smooth migration
- Transitional issues under GST along with effective tools for planning
- Likely challenges ahead for GST implementation
- Way forward and Procedural changes in GST
- Contains complete Revised Model GST Law, Model IGST Law and Draft GST Compensation Law along with Draft Rules and Formats on Registration, Payment, Invoice, Returns and Refund as released by the Government

Our sincere thanks to you for providing your continuous support and blessings at all time and we are sure that you will find this book user-friendly and easy to understand. Your feedback and suggestions are important for us. Please do write back to us with your valuable suggestions and inputs.

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**A quick glance of detailed contents of this Book can be accessed at following link:**

<http://www.slideshare.net/Youngglobal/guide-to-revised-model-gst-law-december-2016>

*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.*

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Thanks & Best Regards,

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**Author of a book on Goods and Services Tax, titled, "GUIDE TO REVISED MODEL GST LAW (With Draft Rules on Registration, Payment, Invoice, Returns and Refund)" [3<sup>rd</sup> Edition]**

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