

GST Council approves some relief for Services Sector; ISD Scheme retained under GST

APART from approving the CGST and IGST Model Laws, the GST Council yesterday also approved certain reliefs for the services sector which was initially kept outside the proposed Composition Scheme for turnover up to Rs 50 lakh. One notable exception was made for the restaurant sector which will attract 5% GST rate - 2.5% of SGST and 2.5% of CGST. The tax rate for others opting for this Scheme would be decided later.

The second relief for the services sector has come in the form of retention of the existing mechanism of Input Service Distributor (ISD) to allow the flow of ITC in respect of input services within a legal entity.

While interacting with the media the Revenue Secretary, Dr Hashmukh Adhia, said that some manufacturers upto Rs 50 lakh turnover would not be able to avail the composition scheme. And it would become clear only after the GST Bills are tabled in the Parliament.

Some of the key decisions taken by the Council are:

++ To prevent lock-in of capital of exporters, a provision has been made to refund, within seven days of filing the application for refund by an exporter, ninety percent of the claimed amount on a provisional basis.

++ An agriculturist, to the extent of supply of produce out of cultivation of land, would not be liable to take registration in the GST regime.

++ To provide certainty in tax matters, a provision has been made for an Advance Ruling Authority.

++ In order to mitigate any financial hardship being suffered by a taxpayer, Commissioner has been empowered to allow payment of taxes in instalments.

++ An anti-profiteering provision has been incorporated to ensure that the reduction of tax incidence is passed on to the consumers.

++ An agriculturist, to the extent of supply of produce out of cultivation of land, would not be liable to take registration in the GST regime.

++ In order to prevent cascading of taxes, ITC would be admissible on all goods and services used in the course or furtherance of business, except on a

few items listed in the Law.

++ A business entity with an annual turnover of upto Rs. 20 lakhs would not be required to take registration in the GST regime, unless he voluntarily chooses to do so to be a part of the input tax credit (ITC) chain. The annual turnover threshold in the Special Category States (as enumerated in Article 279A of the Constitution such as Arunachal Pradesh, Sikkim, Uttarakhand, Himachal Pradesh, Assam and the other States of the North-East) for not taking registration is Rs. 10 lakhs.

++ A taxpayer has to file one single return state-wise to report all his supplies, whether made within or outside the State or exported out of the country and pay the applicable taxes on them. Such taxes can be Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST), Union Territory Goods and Services Tax (UTGST) and Integrated Goods and Services Tax (IGST).