

GST meet on March 10 to focus on IT infra

Infrastructure is going to dominate the agenda of the next meeting of the empowered committee of state finance ministers on March 10, after Narendra Modi - the Gujarat chief minister and the Bharatiya Janata Party's prime ministerial candidate - flayed the central government last week for not readying an information backbone for the proposed goods and services tax (GST).

Call it coincidence, compulsion or simply politics, the agenda for these meetings, decided by states, has never been so loaded with infrastructure issues. GST Network, business processes of GST, IT advisory committee on GST, and modalities on movement of goods and services across states are crowding the talking points for the next meeting here.

Finance ministry officials said the committee did not see the point of discussing the structure of the tax or the legislation needed to impose it with general elections a couple of months away.

"In terms of moving ahead with GST Network, whatever is decided now will more or less remain and there will be minimal scope of changes after the formation of a new government," said a finance ministry official, stressing the Centre was ready to implement the tax anytime. The states are also miffed with the Centre for not compensating them for the reduction of the central sales tax (CST). This could come up at the meeting. However, the finance ministry can do little about it till the Budget is presented in July. The states are planning to write to the 14th Finance Commission about it.

Finance Minister P Chidambaram had provided Rs 9,300 crore as CST compensation in the previous Budget but he slashed it to Rs 1,940 crore in February's interim Budget and did not provide anything for 2014-15.

"The provision for CST compensation was conditional. The finance minister had said if the states do not cooperate in a faster roll-out of the GST, compensation will not be released," the official added.

Modi, during his last visit to Delhi, had said the Centre should be more sensitive towards the concerns of the states on the GST. Gujarat is seen a strong opponent of the tax, yet Modi had said he was not against the new indirect tax system, but the Centre should put in place a robust information network first.

The March 10 (Monday) meeting, against the backdrop of Modi's remarks, will discuss transfer of Tax Information Exchange System - the states' project for tracking inter-state transactions - to GST Network, which will be a common platform for payment of all kinds of indirect taxes.

Other issues to be discussed include the model to be adopted for tax on inter-state movement of goods, registration and returns of assesses, uniform business processes for

the GST across states, nomination of five representatives on the infotech advisory committee on the GST, and a review of the latest revenue position of states.

(Business Standard)