

Govt forms seven-member panel to frame model Central GST legislation

After introducing the negative list for services, a crucial step for the implementation of proposed Goods and Services Tax (GST), the government has now started moving towards preparing a law that will govern Central GST.

According to sources, the finance ministry has formed a committee of seven members under the chairmanship of Yogendra Garg, commissioner export, Mumbai, to frame a model legislation of GST for the Centre.

The model legislation may later be used for framing the state GST legislation as well.

The functioning of the group will be monitored by member, personnel and vigilance (P&V) in the Central Board of Excise and Customs (CBEC).

Earlier, the finance ministry had formed a core group of tax officials to expedite work on the new indirect tax regime, which will replace existing taxes like service tax, excise duty and local levies.

The task force was headed by former director general of audit Gautam Ray for drafting papers and finalising rules and concepts for GST. The group has succeeded in framing concepts for the new indirect tax regime.

GST has already missed two deadlines for implementation and the government is hoping to re-energise and mobilise the opinion of stakeholders.

Pranab Mukherjee, before demitting the office as finance minister also paved way for bringing in the GST.

Mukherjee, according to sources, has resolved the issue of compensation for phasing out central sales tax (CST), which has been a bone of contention between the Centre and states.

In Budget 2012-13, the government took a host of initiatives to harmonise the central excise and service tax, a move towards the rollout of GST.

While a common simplified registration form and a common return for excise and service tax have been proposed, place of supply rules have also been introduced for public debate to determine the location where a service shall be deemed to be provided.

A study team has also been set up to examine the possibility of a common tax code for service tax and central excise which could be adopted to harmonise the two.

The most notable is the introduction of a negative list of services comprising 38 services which will be exempt from being subject to tax. All other services would be subject to a service tax of 12 per cent.

Moving towards GST

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