

10th GST Council

- ❖ ***The GST Council approved the draft compensation bill for the states***
 - ❖ ***The Government will table the bill in the next session of the Parliament.***
 - ❖ ***The Government is expecting to clear the IGST and SGST bills in the next council meeting***
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Previous 9th GST Council: - January 16 2017

10th GST Council: - February 18 2017

Upcoming 11th GST Council: - March 4-5 2017

GST Council clearing the legally vetted draft of the GST Compensation Bill, in its 10th meeting, held on February 18, 2017 at Udaipur, Rajasthan now it's looking possible that "Applicability & Implementation of GST becoming a reality from July 1, 2017"

Earlier, the ninth council meeting saw no consensus being made on levying and collection of Integrated GST, a special right given to the Central Government with regards to imposing GST on inter-State supply of goods and services. This issue has been included for discussion in this meeting. The council is expected to throw light on implications of CGST and SGST, while initiating the approval of the Compensation Law.

The GST Compensation Bill provides the manner in which States will be compensated in the event of a loss arising in the first five years due to the implementation of GST.

During Press Conference Finance minister said that "The GST compensation law, that if a state has a loss, then for the first five years they will be compensated, the legally vetted draft has been formally approved by the GST Council...It will go before the Cabinet, which will give its approval and we will seek to place it before Parliament in the second half of the Budget session starting on March 9".

The Finance Minister said that Legal Committee of Council need to be clarified few issues on legal language of CGST, SGST, and IGST laws. Some of the issues included:

- Issues related to the definition of agriculture
- The eligibility of membership to the appeal tribunals in the Centre and States,
- The delegation of powers,
- The exemptions that can be given during the transition phase, and
- The treatment of work contracts where both Service tax and VAT is applied.

Best Fitment of items under GST rate slabs to be done. The decision on categorisation of goods in tax slabs (5%/ 12%/ 18%/ 28% and 28% + Cess) is not part of the law, and will be worked out by the GST Council after the enabling laws are passed. Finance minister said that they would require one more major meeting of the Council to give its approval to the specific items in each of the slabs.

To treat the territorial waters as the territory of state and to allocate powers to states not just to collect but also to levy, collect and appropriate to the states," issue raised by Andhra Pradesh Finance minister Ramakrishnu. "The chairman agreed to refer to law committee to examine it."

What Next

Now next meeting of the GST Council on March 4-5 becomes more important to see formal approval to the Draft Laws. Central laws would then be put up before the Parliament in the second leg of the Budget session, commencing on March 9, 2017. Consideration shall also remain on the correctness of items in GST slabs rates which will play the major role for whole Industry.

It is now necessary to bring more working on the outcome of the rate fixation exercise as industry can prepare only if the rates are known. "Without knowledge of the rates it is very difficult for industry to move forward with GST preparations."

[Views & Opinions Expressed are strictly personal]