**GST HEADLINES**

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**GST Rollout Must Be Ready 'Before' April 1, PM Emphasizes To Top Officials**

***[Source :The Times Of India]***

**Gold Key To Lower GST Rate**

***[Source :The Hindu]***

# GST rollout must be ready 'before' April 1, PM emphasizes to top officials

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*Prime Minister Narendra Modi said that the GST Council would need to have intensive meetings.*

NEW DELHI: Prime Minister [Narendra Modi](http://timesofindia.indiatimes.com/topic/Narendra-Modi) yesterday directed top central and state finance officials to complete all the steps needed to roll out the new Goods and [Services Tax](http://timesofindia.indiatimes.com/topic/Services-Tax) (GST), long before April 1, 2017.

The PM's directive came a day after the Cabinet approved the formation of the [GST Council](http://timesofindia.indiatimes.com/topic/GST-Council). Last week President Pranab Mukherjee gave his consent to the GST bill. And separately, 16 states- the minimum number required - have already ratified it.

With all of these hurdles already cleared, the PM told the top officials that there can be absolutely no slippage when it comes to the date of implementation of the tax. The PM's meeting was attended by the Union finance minister, the ministers of state for finance, senior officers from the Prime Minister's office as well as top officials from the [Finance Ministry](http://timesofindia.indiatimes.com/topic/Finance-Ministry).

At the meeting, Modi reviewed the preparation of the model GST laws and rules that need to be framed, checked on the progress of the establishment of technological infrastructure for both the Centre and States, and asked about how Central and State officers are being trained to provide awareness about GST to industry.

The Prime Minister also observed that the GST Council would need to have intensive meetings to be able to make timely recommendations relating to its mandate provided in Article 279A. The council is the one that will decide on the tax rate, recommend which taxes are to be subsumed or exempted from the GST, fix the rates of taxation and finalise the model Central, State and Integrated GST laws.

Earlier this month, revenue secretary Hasmukh Adhia said that the government is ahead of schedule for implementation of GST. The states and the Centre are working overtime and talking to stakeholders to draft the Central GST, State GST and Integrated GST laws, which are to be passed in the Winter Session of Parliament in November.

The CGST and IGST will be drafted on the basis of the model GST law. The states will draft their respective State GST laws with minor variation incorporating state-based exemption. The IGST law will deal with the inter-state movement of goods and services.

GST, the biggest tax reform since Independence, will create uniform market for seamless movement of goods and services with one tax rate.

# Gold key to lower GST rate



*GOLD RUSH: Revenue from gold consumption will provide the cushion for a lower standard rate. File photo*

The Centre is set to propose that the rate of tax on gold consumption be doubled under the Goods & Services Tax (GST) regime so as to allow the GST council the elbow room to set a lower standard GST rate.

**Necessary cushion**

The government’s main argument in the GST Council, which will start meeting from Thursday, will be that the increase in revenue from gold consumption will provide the necessary cushion for the standard GST rate to be fixed at a level lower than 20 per cent.

The proposal is based on last year’s recommendation from a government committee headed by Chief Economic Advisor Arvind Subramanian. The panel had suggested taxing gold and other precious metals at rates ranging between 2 per cent and 6 per cent. This, the panel had argued, would protect the revenues of the States even if the standard rate of GST was pegged below 20 per cent.

At present, the Centre and States tax precious metals at rates between 1 per cent and 1.6 per cent. Currently, about 70 per cent of goods and services get taxed at an average rate of 27 per cent. To protect their revenues, States have sought that the standard GST rate, which will fall on the bulk of goods and services, be fixed at 20 per cent or higher.

In consultations earlier, some States had expressed concerns that a high rate of GST on gold was not “politically feasible”. However, a system in which the rate on gold was kept low and the standard GST rate was high, would result in poor people ending up subsidising the gold consumption of the rich, a Finance Ministry official said.

“Apart from the desirability of a higher tax on jewellery, which is an item of consumption for the rich, it is also an item which is prone to tax evasion, being a very high-value item,” Revenue Secretary Hasmukh Adhia had said in an interview last month. “The incentive to not report the transactions will be higher if the tax rate on jewellery is very high,” Mr. Adhia had said, underscoring the need for striking the right balance.

Separately, in a review meeting, Prime Minister Narendra Modi issued directions to his office and the Finance Ministry to complete all steps ahead of the April 1, 2017 target deadline for the roll-out of GST, to avoid slippages.

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