**GST HEADLINES**

 **October 17, 2016**

**Fixing Multiple GST Rates Could Be Time-Consuming**

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

**Commercial Taxes Dept. To Lose Assessing Authority Of One Lakh Firms**

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

# Fixing multiple GST rates could be time-consuming



Reuters

Lengthy exchange: Negotiations will be lengthy given the differences in the positions of the States. File photo

The first official indication that India could levy Goods & Services Tax (GST) at multiple rates came from Finance Minister Arun Jaitley when he said that pollutants and environment-unfriendly items could attract GST at rates higher than the standard rate.

“The indirect tax regime that we are planning..., the rate of taxation on such products which are going to be environmentally unfriendly would be distinct from the normal rate of taxation,” Mr. Jaitley said in Panaji, ahead of the third round of deliberations of the GST Council scheduled to start on October 18. The main item on the agenda is the fixing of the rates at which the GST will be levied, collected and have to be paid across the country by consumers. The negotiations are expected to be a prolonged affair given the differences in the stated positions of the Opposition parties and the States.

**Standard rate**

While the Opposition parties led by the Congress stand united in seeking that the standard GST rate, the rate at which the new tax will fall on a majority of the goods and services, be no higher than 18 per cent, some States, such as Kerala, want it fixed at a higher level, closer to 20 per cent, to protect revenue collections.

Multiple GST rates were recommended last year by a panel headed by Chief Economic Adviser Arvind Subramanian in keeping with the view to strike a balance between the objectives of protecting revenues and minimising the burden of the GST on the poor.

Aimed at boosting funds availability for climate finance, the bid to tax pollutants at higher rates than the standard GST rate could find resonance with the Opposition.

Congress leader P. Chidambaram had, in fact, argued in favour of three GST rates while speaking on the Constitutional Amendment for the roll out of the GST in the Rajya Sabha — a standard rate, a standard-minus rate at a level below the standard rate for goods and services consumed mainly by the poor and a standard-plus rate at a level higher than the standard rate for demerit goods including luxury articles.

# Commercial Taxes Dept. to lose assessing authority of one lakh firms

The perceived loss of revenue to the State with the rolling out of the Goods and Sales Tax (GST) from next fiscal has set off alarm bells in the Commercial Taxes Department here.

The main cause for their anxiety has been removal of the State’s purview to assess businesses offering services and having a turnover of up to Rs. 1.5 crore. The other concern has been divesting the State’s power to audit and inspect businesses reporting a turnover of more than Rs. 1.5 crore annually.

Officials point out that when GST comes into force, the department is set to lose assessing control of nearly one lakh firms having a turnover of up to Rs. 1.5 crore, and who currently contribute Rs. 1,500 crore annually to the exchequer. They include enterprises selling services or a combo of services and goods such as works contractors and hoteliers.

“The service sector is the fastest growing and higher revenue yielding sector. Once GST kicks in, the State cannot assess these businesses as most of them are a combination of goods and services. The GST Council’s attempt to divest the State’s power to audit and inspect such business is illogical,” C.N. Shiva Prakash, Joint Commissioner of Commercial Taxes and associate president of All-India Confederation of Commercial Tax Association told *The Hindu* .

Currently, about 5.85 lakh businesses are being assessed for various taxes by the Commercial Taxes Department, which collected about Rs. 47,000 crore for the State exchequer in the last fiscal. About Rs. 6,700 crore that comes from a combo of goods and services collected as Luxury Tax, Betting Tax and Entertainment tax among others will fall under GST, and these taxes will no more exist. In the current fiscal, the department has been tasked to collect Rs. 53,000 crore.

“Divesting of powers to audit and inspect businesses reporting a turnover of more than Rs. 1.5 crore between the States and the Central Excise Department will affect the State’s resources in a long run. With the Centre not having adequate manpower to monitor such large assessee base, we fear loss of revenue. These concerns have to be addressed by the GST Council,” Mr. Shiva Prakash said.

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*Disclaimer : The news in the GST Corner is purely according to the information available in public domain and does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*