**GST HEADLINES**

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**GST Council to Meet Officials from 6 Key Sectors Today**

***[Source: Firstpost]***

**Migration from Value Added Tax to GST Begins**

***[Source: The New Indian Express]***

**Agriculture Definition Revised: Absentee Landlords, Food Processing Firms Brought Under GST Net**

***[Source: The Indian Express]***

**GST Council to Meet Officials from 6 Key Sectors Today**

The all-powerful GST Council headed by the Finance Minister Arun Jaitley will meet on Tuesday (today), the representatives of six crucial sectors, including IT, telecom, banking and insurance, to assess the implementation hurdles under the new GST regime. Also, a presentation will be made by sector representatives of Civil Aviation and Railways at the two-day GST Council meeting that begins in New Delhi on Tuesday, officials said.

Software association NASSCOM, which is also scheduled to meet the GST Council, will voice its concerns over issues such as tax treatment of software, and also make a case for single registration under the new GST regime.



Union Finance Minister Arun Jaitley. PTI

"We support the introduction of GST but the implementation of GST should not complicate the business operations of IT companies," said R Chandrashekar, President of NASSCOM. He said the software association would express concerns with regard to GST implementation during the meeting with the Council on Tuesday. The software association’s concerns pertain to areas like classification of software, import of services from related parties, and taxation rules based on location of receiving services.

Stating that the first draft of the GST law had classified all 'intangibles' as services thereby ensuring a uniform tax rate; the revised law removed the clarification. "This could lead to a situation where software classification can be disputed even under the GST regime. Electronic downloads should be treated as services as the majority practice prevalent globally," according to NASSCOM's recent representation to the Revenue Department.

NASSCOM also contends that revisions in the draft GST law does not facilitate offering a single interface for overseas/domestic clients in cases where large service contracts are supplied to multiple client sites from single or multiple delivery centres. Also, the revised draft potentially makes onsite services delivered overseas at customer site liable to payment of GST, followed by a refund which blocks capital and complicates the transaction, it added.

"This will therefore imply that onsite services are imported into India, GST discharged, and then exported, and the GST paid on the onsite service then filed for refund – additional unnecessary transactions for companies which operate in a Branch office model, and associated compliance and working capital troubles," NASSCOM said.

It is also of the view that the legislation should clearly provide for centralised registration of central taxes of IGST (Integrated GST) and CGST (central GST), which is within the central government’s power itself.

The GST Council among other things will deliberate on the issue of jurisdiction of assessees in the new regime. This will be the eighth meeting of the Council since it met for the first time on September 22, 2016.

At the end of the last meeting of the Council on December 23, Jaitley said that the Council has made a 'reasonable headway' on supporting legislations and a discussion on Integrated GST law will take place in the next meeting.

The dual control over assessees is also part of the Integrated GST legislation that Parliament needs to pass before the new regime is rolled out. The stumbling block in the GST rollout is the issue of dual control issue – which deals with which taxpayers should be controlled by the Centre and who should be governed by the states after a single tax will replace levies like central excise, service tax and VAT.

States like West Bengal and Kerala are unrelenting on their position of being given right to control all assessees with up to Rs 1.5 crore annual turnover.

**Migration from Value Added Tax to GST Begins**

Ahead of the implementation of the GST Bill, the Department of Commercial Taxes has started facilitating migration from Value Added Tax (VAT) to GST for dealers.

Having started from January 1, 2017, dealers have a fortnight’s time to complete the enrollment. Data available with the department reveals that there are 6.16 lakh registered dealers in Karnataka. Of these, around 3 lakh have already enrolled for migration to the GST, said Ritvik Pandey, Commissioner of Commercial Taxes.

Pandey told reporters on Monday that provisional IDs were given to all the dealers who gave their PAN data for the process.

“Those who were registered under VAT, Entertainment Tax and Luxuries Tax in the state will now have to enroll for the GST also,” he said.

The department has set up help desks in several places, including divisional-level VAT offices, local VAT offices and VAT sub offices to make it easy for the dealers. An interactive interface is also available to answer frequently asked questions on www.ctax.kar.nic.in. The FKCCI has also started a help desk in co-ordination with the department of commercial taxes at the Federation House on KG Road. Department officials will be available to provide information on migration to the GST.

Answering a query on the impact to trade post-demonetisation, officials said it was yet to be assessed. Till now, in the current financial year, a total of 38,700 crore tax has been collected by the department, as against the target of 51,000.

**Agriculture Definition Revised: Absentee Landlords, Food Processing Firms Brought Under GST Net**

While expanding the definition of agriculture to include dairy, poultry and stock breeding, the Goods and Services Tax (GST) Council last month declined entry of individuals leasing out farmland on rent or share cropping as agriculturist, thereby bringing absentee landlords and food processing companies hiring land for farming under the proposed indirect tax net.

As per the definition agreed at the Council’s fifth meeting on December 2-3, agriculture would include floriculture, horticulture, sericulture, pisciculture, raising of crops, grass or garden produce, grazing, dairy, poultry, stock breeding, piggery, apiculture, the mere cutting of wood or grass, gathering of fruit, collection of minor food produce, raising of man-made forest or rearing of seedlings or plants.**na**

But the Council stood steadfast on the definition of agriculturist to allow only individuals or a Hindu Undivided Family (HUF) who carry out farming on their own or by family members; by servants on wages payable in cash or kind; or, by hired labour under one’s personal supervision or the personal supervision of any member of one’s family.

Exemption to agriculturists would have implied tax relief to a person, while exemption to products like dairy and poultry provide tax relief to the products.

The Council retained its proposed definition of ‘agriculturist’ to allow a land to have been personally cultivated only if it’s farmed by individuals and family members of a HUF. Similar dispensation would be given to serving member of the armed forces, widows, minors or people with physical or mental disability even when land is cultivated by servants or hired labour. The council’s refusal came despite requests by several states, including large farming ones like Punjab and Haryana.

It declined Punjab’s suggestion to add a sub-clause for inclusion of agricultural operation through any usufructuary, mortgage or lease or otherwise and to include cooperative societies within the meaning of agriculturist. It, however, agreed to consider the state’s request for exempting lease of agricultural land from service tax when it exemptions under GST come up for discussion at a later stage.

While Telangana suggested that the definition should not be limited to those who cultivate the land personally as small landholders might give their land to other ryots, Haryana said that no restrictions should be put and even contract farming should be allowed since landholdings were small.

Delhi claimed that tenancy was quite common in India and to make them taxable under GST would be a very big decision which needed to be discussed. But Gujarat stated that a company that entered into a tenancy agreement should get registered and pay GST, adding that if tenancy was illegal in a state, it could not be legalised in GST.

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