**GST HEADLINES**

**February 01, 2017**

**Smartphone Prices May Rise up to 25% Under GST Regime**

***[Source: Economic Times]***

**Implementation of GST in J&K**

***[Source: DailyExcelsior.com]***

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*Link:* *http://economictimes.indiatimes.com/tech/hardware/smartphone-prices-may-rise-up-to-25-under-gst-regime/articleshow/56902240.cms*

**Implementation of GST in J&K**

The proposal for amalgating a large number of Central and State taxes into a single Goods and Services tax  was first announced by the then Union Finance Minister in his budget speech for the year 2006-07. After prolonged deliberations in the Empowered Committee of Finance Ministers, Parliamentary Standing Committee on Finance and finally in  the Lok Sabha and Rajya Sabha, the Constitution 122nd Amendment Bill was passed by both houses of Parliament in August, 2016. After ratification by one half of the State Legislatures the Bill received the President’s assent in September 2016. The Constitution stands amended vide 101st Amendment Act, 2016 to provide the legal frame work for introduction of uniform GST regime all over the country.  
Prior to the constitutional Amendment the Central Government had the power to levy tax on manufacture of goods while the States had the power to levy tax on sale of goods. In case of inter-state sales, the centre had powers to levy Central Sales Tax but CST was collected and retained by States. Centre alone had the powers to levy Service Tax. As per the new taxation regime 15 Central and State taxes on goods and services will subsume into one single indirect tax across all States providing a common tax base for levy of GST by the Centre and the States. The GST levied by the Centre on intra State supply of goods and /or Services is called the Central GST (CGST) and that levied by the States, the State GST (SGST). The Centre would have exclusive powers to levy and collect Integrated GST (IGST) on inter-state supply of goods and services including imports into the Country. GST would apply to all goods other than alcoholic liquor for human consumption. Initially a few petroleum products would also be outside its purview. It would apply to all Services except those exempted on the recommendation of GST Council. No GST would be levied on exports. Tax payers shall be allowed to take credit of taxes paid on inputs (Input Tax Credit) and utilize the same for payment of output tax.  
GST is a destination based consumption tax that will reduce economic distortions caused by inter- State variation in taxes; eliminate cascading; remove tax burden on exports and make them more competitive; help to establish national common market; provide a simple tax regime with fewer tax rates and exemptions; broaden tax base; improve compliance and enhance revenue collections and reduce prices and compliance costs for the industry and commerce. In totality it would benefit all the stakeholders i.e. the State and Central Govt, tax payers and consumers besides facilitating seamless movement of goods across State borders.  
A special Purpose Vehicle GSTN has been setup to cater to the needs of GST including online registration, filing of returns, accrual of Input Tax Credits, tax assessment and payment etc. GSTN portal will provide shared IT infrastructure and services to the Central and State Governments and tax payers. The reduced physical interface between the tax payer and tax authorities will minimise avenues of corruption.  
In view of its special constitutional position the 101st Amendment does not apply to the State of Jammu and Kashmir. The State derives its Legislative powers from section 5 of the State Constitution. On introduction of GST, States would be surrendering their exclusive authority to tax goods and in turn get additional authority to tax Services which heretofore were in the exclusive domain of Central Govt. However, the position in respect of J&K State is quite different as it is already competent to tax goods as well as services and by embracing GST it would not get any additional authority. But importantly becomes entitled to a share from the Central divisible pool. GST being a destination based tax; J&K is expected to gain under the new dispensation as we are a consuming State. In any case there is a safeguard in the new tax regime to compensate States for a period of five years for any loss in revenues resulting from implementation of GST.  
The new indirect tax regime will roll out in the country on 1st July, 2017 instead of 1st April, planned previously.  The Central Government cannot postpone its implementation beyond September, 2017 when the transitional provisions of the 101st Amendment Act authorizing/protecting taxation under the previous laws will lapse. The State cannot remain aloof from the emerging common national market. It has to join the mainstream. The application of the new tax regime to the State will, however, be an intricate exercise in view of its special constitutional position. A committee for drafting legislation for implementing GST in the State was set up only in December, 2016. Good three months after the enactment of the 101stt Constitutional amendment! A discussion was expected   in the ongoing session of the State Legislature on an issue that remained under debate in Parliament for almost a decade. There has only been a brief reference to it in the budget speech of the State Finance Minister. The process needs to be speeded up in view of indicated timeline otherwise the State will remain bereft of this single most important tax reform since independence.

*Link:* *http://www.dailyexcelsior.com/implementation-of-gst-in-jk/*

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