

'One nation, one tax' closer to reality as 4 GST Bills clear LS

Jaitley to States: honour new federal relation flowing from GST's 'pooled sovereignty' idea

OUR BUREAU

New Delhi, March 29

After a marathon debate that lasted nearly seven hours, the Lok Sabha on Wednesday passed four crucial Bills related to Goods and Services Tax (GST) regime in the country. With this the 'one nation, one tax' regime inched close to reality.

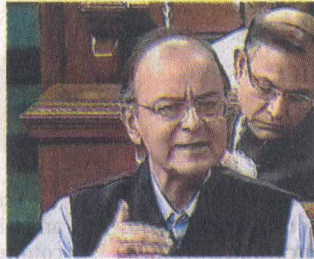
The Bills — Central GST, Integrated GST, Compensation to States, Union Territory GST — were passed by the Lower House after several amendments moved by the Opposition were negated. The Bills will now be taken up in the Rajya Sabha.

Putting to rest concerns raised by the Opposition that the four Bills were seeking to bypass the law-making powers of Parliament, Finance Minister Arun Jait-

ley assured the House that Parliament would continue to have control over the rates and that the GST Council was only required to recommend the rates to the Centre.

"Every time a Finance Minister brings a Finance Bill as part of the Budget, members of the House will have a say on deciding the rates enshrined in the Finance Bill," he said adding that the GST Council, as per the Constitution, had powers only to recommend rates and that it was only asked to give its views on the model GST law.

On the status of the real estate sector, Jaitley clarified that the Council, which is going to be a permanent body, had taken a decision that the aspect of bringing it under this indirect tax regime



Finance Minister Arun Jaitley speaking in the Lok Sabha

would be reviewed in the first year of GST.

On the issue of petroleum products, he said that the Constitution provides that these items would attract GST, though the rate has been kept at zero. Going forward, it would require only an executive decision on setting a rate on petroleum products, he said.

As regards concerns raised by banks and insurance companies over the need for multiple registrations under GST, Jaitley said

IN FINAL LAP AFTER SHAKY START

Contentious issues:

- Concerns of States over loss of fiscal autonomy and revenue loss
- Differences on annual turnover of businesses to be included
- Exemptions that would continue under GST
- Rate structure for goods and services
- Questions of cross empowerment and administration between Centre and States

What next for July 1 roll out:

- GST Council to meet on March 31 to finalise draft Rules
- States to introduce and pass SGST Bill in their Assemblies
- Fitment of commodities into tax slabs from April 1
- Rate on gold to be finalised
- Migration of assessee to GST Network to be completed



that a clause has been provided that can provide an exemption in exceptional circumstances and the GST Council will take a call on it.

Earlier in the day, when moving

the Bills for consideration, Jaitley had expressed the hope that States would "honour" the new federal relationship that had been established through the concept of "pooled sovereignty" to usher

in the GST system. Any form of unilateralism by any legislative body is possible only in respect of areas that exclusively remained within their domain and not in respect of areas dealing with the GST, Jaitley had noted.

He pointed out that the GST Council was the country's first federal institution that pools the sovereignty of the Centre and the States in regard to indirect taxes.

"It is now incumbent upon all of us to make this federal institution (the GST Council) work. Therefore, in order to make this federal institution work the delicate balance between what the Centre and the States have unanimously agreed in the federal contract should be maintained," Jaitley said.

Revenue Secretary Hasmukh Adhia said the four rules that the GST Council will approve are composition, valuation, input tax credit and transitions.