

GST COUNCIL MEET

Auto cess increased for SUVs, mid-size, large cars

● State finance ministers' panel to iron out GSTN glitches; deadline for filing returns liberally extended; 30 daily-use items see tax cut

SUMIT JHA

Hyderabad, September 9

THE GOODS AND Services Tax (GST) Council on Saturday partly restored the tax liability on mid-segment and large cars and SUVs to the higher pre-GST level by increasing the cess on them by 2, 5 and 7 percentage points, respectively. Including the 28% GST and the cess that existed previously, the total tax on these vehicles will now be 45%, 48% and 50%, respectively — still lower than the level before GST was implemented. While the Council hasn't used the entire 10 percentage points headroom for cess hike provided by the recent ordinance, it also retained the status quo in taxation of small and hybrid cars and 13-seater vehicles.

The Council's decisions could force auto makers like Mahindra & Mahindra, Toyota Kirloskar Motor, Mercedes Benz and Skoda, among others, to partially roll back the post-GST price.

At its 21st meeting here — which was also the second after the July rollout of the comprehensive indirect tax — the Council also cut the GST rates on around 30 daily use and mass consumption items and a clutch of handicrafts, while ex-



Finance minister Arun Jaitley at a GST Council meet in Hyderabad on Saturday

PTI

empting khadi fabrics sold via KVIC outlets.

At Saturday's meeting, however, most of the Council's time was spent in discussing the glitches faced by the GST Network, the IT back-end. It was resolved to form a five-member committee of state finance ministers to monitor GST operations, iron out the relevant issues and ensure smooth functioning of the returns-filing and tax-payment process.

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MAJOR ANNOUNCEMENTS

- Small petrol, diesel and hybrid cars to see no cess hike; mid-segment cars to attract **2%** additional cess, large size car **5%** and SUV **7%**
- **5%** GST will have to be paid by firms having registered trademark on **May 15, 2017** for commodities
- Khadi sold through KVIC stores to be exempted from GST
- GST rate on about **30** items like roasted gram, idli/dosa batter, oilcakes, raincoats, rubber bands reduced
- Artisans with **₹20** lakh turnover exempt from GST registration

