

GST Council cuts rate on 83 goods, services

Discusses simpler return filing plan but no decision yet

OUR BUREAU

New Delhi, January 18

In some New Year cheer, the Goods and Services Tax Council on Thursday began discussions on easing the compliance burden for businesses, with a single monthly return and uploading of invoices.

For consumers, it decided to cut rates on 54 services and 29 goods, including tailoring, old cars, bio-diesel, drip irrigation systems and cooking gas.

"The new rates will come into effect from January 25," said Finance Minister Arun Jaitley, after the 25th meeting of the GST Council.

According to an official release, the tax on old and used

motor vehicles and buses running on bio-diesel would be lowered to 18 per cent from the current 28 per cent; diamonds and precious stones will be taxed at 0.25 per cent, and tailoring services at 5 per cent.

To protect the domestic industry and boost employment, nearly 40 items have been classified as handlooms and the Fitment Committee of Officers will now finalise their rates.

Returns eased

Jaitley, who chairs the GST Council, also announced that discussions have begun on a single return system of GST 3B, and uploading of invoices by the buyers and sellers.

"At a later stage, in case of any differences, they can be asked to explain," he said, indicating that essentially GSTR 1, 2 and 3 will no longer be used.

Presentations on return filing were made by Bihar Deputy Chief Minister Sushil Kumar Modi, who heads the ministerial group on IT systems; GSTN CEO Prakash Kumar and Infosys non-executive Chairman Nandan Nilekani.

"A final decision will be taken by the GST Council in its next meeting, which is likely to be through video-conferencing," Jaitley said. Inclusion of items outside GST, including real estate, crude oil, natural gas and petroleum, will be taken up at the next meeting.

The Council also discussed revenue collections under the new levy and possible deterrent provisions. This would include the E-Way Bill, which will start from February 1.

As many as 15 States have also decided to roll out intra-State Bills from next month.

NEW RATE CARD

Item	New rates
Old and used medium and large motor vehicles and SUVs; buses running on bio-diesel; cigarette filter rods; admission to theme parks, water parks	18%
All types of old and used motor vehicles; sugar boiled confectionary; drinking water packaged in 20-litre bottles; bio-diesel, bio-pesticides; construction of metro and monorail services; works contract services; mining and exploration of crude petroleum; natural gas	12%
Tamarind kernel powder; mehendi paste in cones; LPG supplied to household domestic consumers by private distributors; scientific instruments; tailoring services; small-housekeeping services through ECO; velvet fabric	5%
Vibhuti; parts and accessories for manufacture of hearing aids; de-oiled rice bran, rice bran; viability gap funding for three years for RCS airports; legal services to government; services under RTI Act	0%

To ease fiscal pressure on the finances of the Centre as well as States, the Council also decided that ₹35,000 crore from the Integrated GST collections would be distributed among them.

"This will help ease the indirect tax positions of the Centre and the States. The Centre is well ahead of its direct tax target," Jaitley stressed, indicating the commitment to fiscal consolida-

tion. He also expressed hope that indirect tax collections will pick up as anti-evasion measures are put in place.

Composition collections

The Council discussed low collections under the composition scheme, where 17 lakh registered dealers have paid only ₹307 crore as tax. "This will be factored in when the CGST, SGST and IGST Act are amended," Jaitley said, adding that amendments will be circulated within the Council in the next meeting.

It will also consider re-introduction of the reverse charge mechanism for those under the composition scheme.

Jaitley said that the Anti-Profit-eering Authority will accept ₹119 crore from Hindustan Unilever Ltd on a provisional basis. "The matter is before the authority," the Finance Minister said.