THE ECONOMIC TIMES
TUESDAY, JANUARY 16, 2018

Single GST Form Likely for Service Providers

Move to ease compliance for telcos, banks, insurers & airlines with multi-state footprint; GST Council may take up issue on Jan 18

GST on Menu

GST Council to consider more changes in the framework

COMPLIANCE ISSUE

- **Law committee's** proposals to be considered
- **Changes to reduce** compliance burden on the agenda
- **Relaxation in some** procedures to be considered as well
- **Service providers** could get one centralised facility for GST

INPUT CREDIT

- More input taxes could be eligible for credit
- Tax on cab renting could be one such eligible credit
- This will benefit IT & ITeS cos

Deepshikha.Sikarwar
@timesgroup.com

New Delhi: Service providers such as telcos, banks, insurers and airlines may need to file just one centralised form in respect of the goods and services tax (GST), which will substantially ease the compliance burden on service providers with a multi-state footprint.

The GST Council is expected to consider on January 18 significant relaxation in the law and procedures, including a centralised registration facility to make compliance easier. It will also consider changes to input tax credit regime to allow credit for tax paid on rent a cab services, benefiting IT and ITES companies such as Infosys, Wipro and Genpact.

"Council has a heavy duty agenda lined up.... A number of issues dealing with compliances are likely to be taken up," said a government official privy to the deliberations.

A panel set up by the GST Council has suggested modifications in the provisions of the law and relaxations in some procedures to ensure ease in compliance.

It has recommended centralised registration and centralised form for service providers who have registration in 10 states or more with an annual turnover of ₹500 crore.

At present, service providers have to register in each state and file separate returns, a major grouse of the industry that only had to deal with Centre earlier.

"Centralised registration is needed to reduce the compliance requirement of industry, given that mechanisms can be worked out to safeguard the revenue of individual states using the IGST mechanism," said Bipin Sapra, partner, EY.

Sapra said in case there is no agreement on centralised registration, then a Large Taxpayer Unit type structure could be considered for centralised processing of returns for assessment and audit.

India had rolled out GST, replacing multiple state and central taxes, from July 1. Subsequently, a number of changes were made in the framework including cut in tax rates on key household items and restaurants and simpler compliances for small businesses especially under the composition scheme.

A GST Council panel proposed centralised form for service providers with registration in 10 states or more & with turnover of ₹500 cr a year

The GST Council had also set up a panel – the law review committee – to look at the feedback from industry following complaints of burdensome compliance.

A separate panel comprising industry representatives was also set up to relook at procedures and rules and suggest a way forward.

Recommendations of this group were taken up by the law review committee.

The law review committee has also suggested changes to the input tax credit framework to ensure that some of the inputs are allowed as a credit. Some of these include expenses incurred on employees such as rent a cab service used extensively by the IT and IT services sector.

"In an ideal GST system, input credit should be available with respect to all business expense. Therefore, liberalising the credit regime is step in the right direction. This will particularly provide relief to IT/ITES sector who typically have large work force working in multiple shifts," said Pratik Jain, indirect tax leader, PwC.

Jain said the GST Council should also consider allowing input credit on all other employee-related expenses such as insurance and canteen.