

Cashbacks for GST e-payment on cards

Council could also consider issues raised by MSMEs to revive growth

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The Goods and Services Tax (GST) Council might decide to incentivise small digital payments by allowing 'instant cashback'.

Its meeting on Saturday, to be chaired by officiating finance minister Piyush Goyal, will also take up a host of issues raised by micro, small and medium enterprises to revive economic growth. At least 100 proposals have come from across the country.

The ministerial panel to incentivise digital payments, chaired by Bihar's deputy chief minister, Sushil Modi, will meet on Friday evening to finalise the proposal to come before the Council a day later.

It is proposed that consumers get instant cashback up to two percentage points for those paying digitally. The discount will be limited to ₹100 a transaction.

The department of information and technology is learnt to have proposed a two-part payment. The first swipe will deduct basic payment and the second will deduct tax, said an official. "Once the tax component is deducted, the consumer will get instant cashback," the official added.

The offer will be for business-to-consumer (B2C) transactions for goods and services that face a tax rate of three per cent or more. It has been calculated that the proposal

AGENDA FOR TOMORROW'S MEETING

GST Council is likely to take up these requests:



- **GST on advance payment** should be done away with
- **Allow cross-payment from all accounts, so that input tax credit of CGST** can be utilised for payment of SGST liability and vice versa
- **Till a return is not submitted**, dealers should be allowed to modify an entry (currently, this facility is only in 3B)
- **Bring services** under the composition scheme
- **Uniform and lower slab** of 5% on jobwork
- **GST on sale of stressed assets** may be kept at a lower slab at 5%
- **Reduce tax rates** on biscuits, rice bran, utensils, fried grams, dried tamarind, breakfast cereals, instant food, etc.

GST COUNCIL EYES SLAB REDUCTION

The GST Council might replace the 12% and 18% slabs with a 14-15 per cent one, said Bihar Deputy Chief Minister Sushil Modi on Thursday. While addressing a seminar on the GST, organised by the Institute of Chartered Accountants of India, Modi said this slab rationalisation was likely to be taken up only after the GST collections have reached ₹1 trillion. Experts claim this might take nine months to a year to reach this target. >



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will mean a hit of anywhere between ₹80 billion and ₹140 billion annually or ₹10-15 billion a month.

Interestingly, in an earlier report, the same committee had recommended deferring of digital incentives on GST by a year. Last month,

Sushil Modi had told *Business Standard*, "We want to wait till GST revenues are stabilised. So, digital payment incentives should be considered (only) in 2019-20."

In its earlier meeting, the Council had reduced GST rates on a little over 100 items. Turn to Page 4 >

Cashbacks for GST...

Most prominently on consumer durable items such as refrigerators, small screen TVs and washing machines from the highest slab to 18 per cent. That is expected to cost the exchequer around ₹100 billion annually. The government collected ₹964 billion in GST during July. Apart from Modi, the panel comprises West Bengal finance minister Amit Mitra, Gujarat deputy chief minister Nitinbhai Patel, Haryana excise and taxation minister Abhimanyu and Punjab finance minister Manpreet Singh Badal. In 2016-17, the number of digital transactions was 10,760 million, with the average value of a transaction (debit and credit card) was ₹1,833. Transactions below ₹1,000 accounted for 16 per cent of all digital transactions; those between ₹1,000 and ₹2,000 were 14 per cent and above ₹2,000 the remaining 70 per cent. In 2017-18, the number of digital transactions were around 18 billion.

MSMEs' wish list

The Council has received a little over 100 proposals from micro, small and medium enterprises (MSMEs) and their associa-

tions. Around 200 recommendations have been compiled for the Council to consider. The suggestions include halving of fees for filing appeals, waiving the late fee penalty for MSMEs and appointment of officers to help GST payers file returns. The Federation of Indian MSMEs wants the doing away of GST on advance payments.

"In a dynamic environment, delivery dates are changed and advances refunded. The GST Rules make it extremely difficult to deal with such situations," goes the recommendation. It has also suggested that modification of returns be allowed till a return is not submitted. This is being allowed now for only GSTR-3B, the summarised return.

The sector has also sought to bring services under the composition scheme. Currently, only restaurants are included. The scheme allows a flat tax rate and simplified return filing. Andhra Pradesh's finance minister has sought a reduction in tax rates on biscuits, rice bran, utensils, fried gram, dried tamarind, breakfast cereals and instant food, among others.