



Prime Minister Narendra Modi said he has asked the GST Council to bring houses meant for the middle class in the 5% GST slab PHOTO: PTI

PM wants ₹75 lakh GST exemption limit

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A day ahead of a meeting of the Goods and Services Tax Council, Prime Minister Narendra Modi on Wednesday revealed that he had urged the Council to raise the threshold for exemption from the levy's registration, to ₹75 lakh annual turnover from the current ₹20 lakh.

"Besides, I have urged the Council to club houses meant for the middle class in the 5 per cent GST slab. The Council has all the state governments on board," the PM said at a public meeting in Agra on Wednesday.

A group of ministers (GoM) from the Council, headed by Union Minister of State for Finance Shiv Pratap Shukla, discussed on Sunday the issue of increasing the threshold. Views differed. While the Union finance ministry pushed Modi's idea, Bihar recommended ₹50 lakh and Delhi ₹40 lakh, for instance.

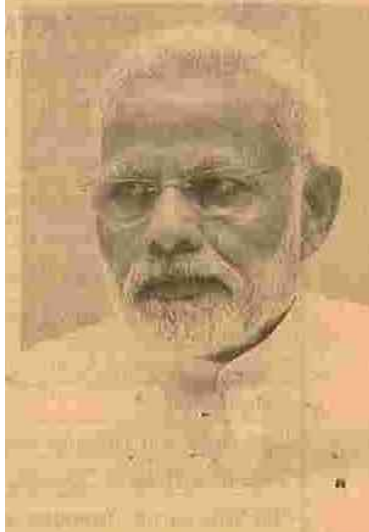
The GoM also discussed whether to levy a flat GST of ₹5,000 a year for businesses with turnover between ₹50 lakh and ₹60 lakh, and above ₹10,000 a year for those with turnover between ₹60 lakh and ₹75 lakh. This benefit is meant only for business-to-consumer entities, and is not meant for business-to-business entities or those doing inter-state trade. The aim is to help small and medium-sized enterprises (SMEs).

Turn to Page 6 >

GST COUNCIL AGENDA FOR TODAY'S MEETING

- Increase threshold for exempting MSME sector from the current ₹20 lakh
- Allow Kerala to impose calamity cess up to 1%
- Address the anomalies between constructed and under-construction houses
- Have composition scheme for services
- Review GST revenues

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Modi said the Centre was taking various steps to help the SME sector, including easing of credit flow. "We are formulating policies so that they do not face cash flow squeeze and that they get easy credit from banks, while the environmental and other clearances come faster," he said, adding that businesses flourish when rules are simpler.

He said the GST was being progressively simplified and liberalised, based on the complaints and suggestions from traders and businesses. "But there are people who are creating doubts through misinformation that the GST is an additional tax, apart from existing taxes. This is completely wrong. Earlier, taxes were hidden and clubbed under different heads in the slab ranging from 20 to 40 per cent, which had all been subsumed under the GST," he said.