

Simplified returns filing system, fully state-run GSTN get approval

ENSECONOMICBUREAU
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THE GOODS and Services Tax (GST) Council in its 27th meeting held on Friday approved a simplified returns filing system, which will approximately take a year to come through. The Council also approved change in the ownership structure of GSTN, the IT backbone of GST, to convert it into a fully owned government entity, with equal ownership of states and Centre.

The other proposals for incentives for digital transactions and sugar cess over and above 5 per cent GST and cut in GST rate on ethanol were discussed but no final decision was taken. Two separate ministerial panels for the decisions will be formed on these issues, Finance Minister Arun Jaitley said.

As per the new returns filing system, all taxpayers, except composition dealers and dealers having nil transactions, will be required to file one monthly return and a three-stage transition period has been proposed, after which input tax credit will be provided only on the seller uploaded invoices. Return filing dates shall be staggered based on the turnover of the registered person to manage load on the IT system, but the sellers will be allowed to upload invoices anytime during the month, officials said.

Till the time the transition to the new return filing process happens, the present system of GSTR-3B and GSTR-1 shall continue. First stage will continue for a period not exceeding six months by which new return software would be ready.

In stage two, which will be for another six months, the new return will have facility for invoice-wise data upload and also facility for claiming input tax credit on self declaration basis, as in case of GSTR 3B now. During this stage two, the dealer will be constantly fed with information about gap between credit available to them as per in-

GSTN OWNERSHIP

■ The Council approved change in ownership structure of GSTN to convert it into a fully owned govt entity, with equal ownership of states and Centre

■ Current system of GSTR-3B and GSTR-1 shall continue for now

voices uploaded by their sellers and the provisional credit being claimed by them.

In stage three, GSTR-3B and provisional credit will be withdrawn and only the new return will be operational. The B2C dealers will have to only fill turnover details, while B2B dealers will have to fill invoice-wise details of the outward supplies made by them, based on which the system will automatically calculate his tax liability. The input tax credit will also be calculated automatically by the system based on the invoices uploaded by the sellers.

However, there shall be no automatic reversal of input tax credit from buyer on non-payment of tax by the seller, an official statement said. In case of default in tax payment by the seller, recover shall be made from the seller along with the option of reversal of credit from buyer in exceptional cases like missing dealer, closure of business or supplier not having adequate assets, it said. Recovery of tax or reversal of input tax credit shall be done through issuance of notice and order and the process would be online and automated to reduce human interface, it added.

GST return shall also be simplified by reducing the information required to be filled in the return, the details of which would be worked out by the law committee, the statement said.

The proposed change in GST returns filing system will require tweaking of GST-related laws,

Finance Secretary Hasmukh Adhia said. The government will also need to bring in an ordinance to facilitate imposition of sugar cess, he said.

Late Friday evening, the government announced a GoM, headed by Bihar's Deputy Chief Minister Sushil Kumar Modi, to consider issues relating to incentivising digital payments in GST regime. The panel also includes Gujarat's Deputy Chief Minister Nitinbhai Patel, Haryana's Excise and Taxation Minister Captain Abhimanyu, West Bengal Finance Minister Amit Mitra and Punjab Finance Minister Manpreet Singh Badal. Both GoMs shall submit their reports within 15 days.

The Council discussed a proposal wherein a 2 per cent concession, subject to a ceiling of Rs 100 per transaction, may be offered to consumers in B2C transactions if they pay through cheque or digital mode to incentivise digital payments. The Council also discussed levy of cess on sugar at a rate not exceeding Rs 3 per kg over and above 5 per cent GST and reduce the tax rate on ethanol to 12 per cent from 18 per cent.

The proposal to change the ownership structure of GSTN into a government entity will now be sent to Union Cabinet for its approval, Adhia said. The GST Council approved the acquisition of entire 51 per cent of equity held by the non-governmental institutions in GSTN amounting to Rs 5.1 crore, equally by the Centre and the states governments and allow GSTN Board to initiate process for acquisition of equity held by the private companies, the statement said.

GSTN Board shall be allowed to continue the existing staff at existing terms and conditions for up to five years and shall have the flexibility of hiring people through contract on the terms and conditions similar to those used by GSTN till now while hiring regular employees, it said adding that the Centre and States will continue to share the capital and operation and maintenance cost of the IT systems.