

GST rollout from 1 July, firms get extra time to file returns

For first two months, tax payable based on a simple form; detailed returns can be filed later

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The GST Council on Sunday paved the way for the implementation of the goods and services tax (GST) starting 1 July, but gave companies more time to file detailed returns for the first two months of July and August.

"We don't have the luxury of time to defer implementation of GST. The council decided categorically that it will be implemented from 1 July," finance minister Arun Jaitley told reporters in New Delhi.

The official launch of the GST will be on midnight of 30 June at a function likely to be attended by Prime Minister Narendra Modi and state chief ministers in Delhi. The GST Council will meet on 30 June to take up any remaining issues, including that of e-way bills.

The GST Council also cleared anti-profiteering rules that are meant to compel firms to reduce prices of products that benefit from lower GST rates. A standing committee will be set up to screen individual complaints and refer them to the directorate general of safeguards which will investigate the matter. DG-Safeguards will further refer genuine cases to an anti-profiteering authority headed by a retired secretary that will ask the firm to either reimburse the money to consumers or deposit it in a consumer welfare fund, apart from reducing product prices.



(From left) Finance minister Arun Jaitley, chief economic adviser Arvind Subramanian and MoS finance Santosh Gangwar at a GST Council meeting on Sunday.

"We want to use anti-profiteering rules as a deterrent. We hope we will not be compelled to use it," Jaitley said.

On the preparedness of the GST Network, Jaitley said that while under the old indirect tax system 8.1 million business entities are registered, so far 6.6 million or 81.1% of business entities have completed their provisional registration on GSTN.

In response to demands from certain sectors, including civil aviation, to defer GST implementation, the council gave an extended period of time for filing detailed tax returns. For the first two months of GST implementation, the tax would be payable based on a simple return (Form GSTR-3B) con-

taining summary of outward and inward supplies, which will be submitted before 20th day of the succeeding month. However, invoice-wise details in regular a GSTR-1 form would have to be filed for the month of July and August by 5 September and 20 September, respectively, the finance ministry said in a statement.

"No late fees and penalty would be levied for the interim period. This is intended to provide a sense of comfort to the taxpayers and give them an elbow room to attune themselves with the requirements of the changed system," the finance ministry said.

However, the GST Council could not agree on the contentious issue of rules

for e-way bills to check cases of tax evasion and decided that the existing systems of individual states will apply till a consensus is reached on the matter.

Under GST, transporting goods worth more than Rs50,000 within or outside a state will require securing an e-way bill by prior online registration of the consignment.

Talks on e-way bills have been contentious, as some states already have a robust mechanism in place and shifting back to hand bills would cause them revenue loss, said Ansh Bhargava, senior consultant at Taxmann.com. "Deferring the decision to implement the e-way bill system by the GST Council is a welcome step, as it would help the GST Network to understand the nuances involved and come up with a solution that facilitates various industries," he said.

On the GST rate on lottery, the council decided to tax those run by state governments at 12%. The tax rate will be 28% on private lotteries. The council, on requests from Goa and Rajasthan, which attract a lot of tourists, revised the GST rate on hotels. Earlier, hotels with room tariff above Rs5,000 were to pay 28% and below that at 18%; now, the ceiling has been raised to Rs7,500. Above that tariff, hotels have to pay 28% GST. Integrated GST on shipping vessels will now attract a 5% tax, the council decided.

The GST Council added ice cream, pan masala and tobacco to the existing list of items on which input credit is not available because there is either no input or it is hazardous to health.