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**Report Card on GST Implementation; Government of India lost no time in implementing the GST so far; Discussions in GST Council have been very cordial and all decisions till now have been taken by consensus; Members of the Council are participating in the meetings with a very positive attitude and are working towards the roll-out of GST as per the deadline.**

As compared to the time taken in arriving at a consensus on the Constitutional Amendment Bill for GST, the subsequent events after the passing of the Bill indicate that the Government of India and the States have done remarkably well in taking all necessary steps for implementation of GST. The Report Card below indicates that Government of India lost no time in implementing the GST so far:

As soon as the President's assent was received on the Constitutional Amendment Act for GST on 8<sup>th</sup> September, 2016, the GST Council was created by the Cabinet within a period of one week along with the Secretariat. Under Article 279A of the Constitution, the GST Council has been entrusted with the power to make recommendations to the Union and the States on various GST related issues, including those relating to goods and services that may be subject of, or exempted from the goods and services tax; the threshold limit of turnover below which goods and services may be exempted from GST and the rates including floor rates with bands of GST.

Since notification of the GST Council on 12 September 2016, six meetings of the Council have been held in New Delhi. These meetings were held on 22-23 September, 2016; 30 September, 2016; 18-19 October, 2016; 3-4 November, 2016; 2-3 December, 2016 and 11 December, 2016. During these meetings, number of important decisions have been taken paving way for roll out of GST with effect from 1<sup>st</sup> April 2017.

Some of the important decisions taken in the last six Meetings of the GST Council are:

- i. The threshold limit for exemption from levy of GST would be Rs.20 lakhs for normal States (Rs.10 lakhs for the Special Category States enumerated in Article 279A of the Constitution).
- ii. The threshold for availing the Composition scheme would be Rs.50 lakhs. Service providers would be kept out of the Composition scheme.
- iii. To compensate States for 5 years for loss of revenue due to implementation of GST, the base year for the revenue of the State would be 2015-16 and a fixed growth rate of 14% will be applied to it.

- iv. Approval of the Draft GST Rules on Registration; Payment; Return; Refund and Invoice, Debit & Credit Notes with the understanding that minor changes may be permitted with the approval of the Chairperson, if required, due to suggestions from the stakeholders or from the Law Department.
  
- v. All entities exempted from payment of indirect tax under any existing tax incentive scheme would pay tax in the GST regime and the decision to continue with any incentive scheme shall be with the concerned State or Central Government. In case any State Government or Central Government decides to continue any existing exemption/incentive scheme, it will be administered by way of a reimbursement mechanism.
  
- vi. Bands of rates of goods under GST shall be 5%, 12%, 18% and 28% and in addition there would be a category of exempt goods. Further, a cess would be levied on certain goods such as luxury cars, aerated drinks, pan masala and tobacco products, over and above the rate of 28% for payment of compensation to the States.

The GST Council in its 1<sup>st</sup> meeting decided that GST would be rolled-out by 1 April 2017. Accordingly, various timelines had been decided for various aspects of implementation of GST such as recommendation of the Model GST Laws by the GST Council and its passage by the Union Parliament and State Legislatures; the development of front-end Information Technology (IT) modules on the common GST portal and the back-end IT systems; testing and integration of GST front-end and back-end IT systems of all stakeholders; training of both Central and State tax officials; sensitization of the trade, industry and consumers. All efforts are being made to meet the necessary deadlines to ensure that GST is rolled out by 1 April 2017.

At present, agenda items pertaining to 'GST related draft laws' and 'Provisions for cross empowerment to ensure single interface under GST' are under consideration of the GST Council. 99 Sections the Model GST Law have already been considered by the Council and remaining Sections will be discussed in the next meeting of the Council scheduled for 22-23 December, 2016.

The discussions in GST Council have been very cordial and all decisions till now have been taken by consensus. Members of the Council are participating in the meetings with a very positive attitude and are working towards the roll-out of GST as per the deadline.