



Course correction?

Posted at: 25/12/2018

Course correction?-Revenue and optics seem to play a greater role in GST decisions

- Under attack on how the indirect tax regime has panned out, the Goods and Services Tax Council announced a set of feel-good moves to reassure diverse stakeholders.
- For consumers, the peak tax rate of 28% levied on cinema tickets above Rs.100, large screen television sets or monitors, digital cameras and lithium ion batteries, among others, was brought down to 18%.
- For businesses still coping with compliance niggles, more time has been granted for filing this year's annual returns; the promise of a simpler return filing system has been dangled (by July next year); and a single, fungible e-cash ledger has been proposed to replace the present system in which credits available under Central GST cannot be set off against State GST dues.
- Last but not the least, concerns expressed by several States about revenue trends since the GST's introduction in July 2017 have been taken on board, and a ministerial group will be tasked with assessing the structural patterns affecting revenue collections in some States.
- This is an accommodative gesture from the Council, whose chief — Finance Minister Arun Jaitley — cited recent revenue trends that suggest compensation payable to the States has reduced substantively from last year. It is anyone's guess how much of a role the recent reverses suffered by the Bharatiya Janata Party in Assembly elections played in the latest decisions to slash rates or to ease the burden on businesses.
- GST rationalisation is still a work in progress.
- It has long been clear that traders need a simpler filing system, faster refunds and other mechanisms to ease their cash flows.
- Consumers, for their part, are yet to get a clear definition of what qualifies as a good or service for the 'sin' category.
- But frequent tweaks to the structure, and an impression that rates can

be altered by lobbying the powers-that-be, risk ruining the promise the GST held for investors wary of India: a predictable, simple and stable tax regime.

The Hindu



SAHAYA IAS
www.sahayaias.com