



# Pause, refresh-The GST Council does well to focus on the concerns of small firms

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### Highlights

- The new indirect tax regime has expanded India's tax base and brought more firms into the formal economy, revenues have slipped somewhat after peaking at Rs.1.03 lakh crore in April (for taxes accrued in March) this year.
- The first three months of this financial year have yielded Rs.94,016 crore, Rs.95,610 crore and Rs.96,483 crore, respectively — this is well short of the Rs.1.lakh crore revenue target a month for 2018-19.
- Moody's Investors Service reckons that the revenue loss from the most recent tax cuts may be 0.04-0.08% of GDP annually. This is marginal at best, and could be offset by stronger consumption-led growth and better tax compliance.
- But it is in this context of revenue concerns that the Council's dedicated focus at its latest meeting on issues facing micro, small and medium enterprises (MSMEs) is a creditable move.
- Firms with an annual turnover of less than ₹5 crore constitute 93% of the registered taxpayers under the GST.
- At its previous meeting, the Council had decided that such businesses need no longer file cumbersome returns every month, but only on a quarterly basis.
- There may be more room for the ministerial panel to recommend further easing of compliance for micro firms with turnover far below Rs.5 crore and enhancing the Rs.50,000 threshold for mandatory use of e-way bills to track movement of taxable goods.
- The Council meeting has also, wisely, returned to a consensual approach on decisions. While a few States had reservations about the rate cuts at the last meeting, this time their concerns on a proposal to push digital payments by offering a cash-back to consumers using RuPay cards or the UPI platform have been incorporated.

Now, States will volunteer to run a pilot on these lines and a final decision will be taken after a detailed system-wide evaluation of such incentives. This indicates the Centre's keenness to retain a cooperative approach with States that has generally marked the Council's functioning.

Source: [The Hindu](#)