

High Expectations Ahead Of GST Council Meet on 18th February

The next GST Council meeting will be held on 18th of February, 2017. While the Centre and States have resolved the contentious "dual control" issue and vetted most of the provisions of CGST, IGST and Compensation Law bills, the GST Council is likely to finalise the GST Bills in this meeting. It is expected that the Government shall move the bills pertaining to the new tax regime in the second half of the Budget Session.

The GST Council in its last meeting, agreed on the cross empowerment or dual control under proposed GST regime which will allow states to assess about 90 per cent of GST assesseees with turnover below Rs 1.5 crore annually. States shall also have taxation powers in territorial waters up to 12 nautical miles. GST assesseees above Rs 1.5 crore shall be assessed by both States and Centre equally.

GST Council has already decided on a four-slab tax structure for the indirect tax regime. However, the levy for different goods and services is expected to be decided by May or June, 2017. The GST Council has fixed the four-tier structure of 5 per cent, 12 per cent, 18 per cent and 28 per cent.

According to sources, GST on telecom, banking, financial services, and aviation is proposed to be pegged at 18%. DTH and restaurant dining are also expected to be placed in the 18% bracket. Education and healthcare are the only major sectors which are expected to see lower service tax rate of 12%. Construction of affordable housing is also expected to remain in the 12% bracket. In terms of goods, they will be placed in a slab which is closest to the current rate of taxes applicable on them.

While some classification disputes shall end under the new indirect tax regime, the differential rate structure is bound to foster newer classification disputes both for goods and services. The Nation eyes with bated breath, the outcome of the next GST Council deliberations.

Amicus Tax Team

The information contained in this newsletter is solely intended to provide general guidance on matters of interest. Nothing herein constitutes professional or legal advice, nor does any information herein constitute a comprehensive or complete statement of the issues discussed. It is recommended that you seek a professional advice to confirm your understanding on the issues dealt above.

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