

Press Release

GST Council to decide on applicable tax rates for commodities on May 18, 2017: Mr. Vinod Kumar, IRS, Chief Commissioner

Chief Commissioner of Central Excise, Bangalore Mr. M Vinod Kumar, IRS said that the GST Council which meets on May 18, 2017 in all probability will freeze the allocation of commodities into the agreed Tax Rates under the one nation one tax system-GST which is widely expected to be rolled out post July 2017. Delivering the keynote address at the Workshop on GST, organised by Bangalore Chamber of Industry and Commerce (BCIC) today in Bangalore Mr. Kumar said: "While tax bands have declared, the commodities' allocation will be completed shortly. However, the declaration of the commodity-wise allocation will be done closer to the roll-out date. He said that the "general expectation is that rates are likely be fixed as close to the existing aggregate incidence of tax for goods and services. There will also be a Cess on sin goods and services which will be imposed on the small set of identified commodities."

Touching on the preparedness of GST network Mr. Vinod Kumar revealed that beginning May 1, 2017 the government has initiated the GSTN trial run. He said "A few thousand GSTN trial run has already begun and that is reason why registration for the GSTN system has been put on hold for a short period." He said: "If GSTN is not in place and adequately tested, smooth integration of the GST law may be very difficult. Substantial migration and integration work has already completed".

Mr. Vinod Kumar also revealed that the government is completely ready to rollout GST on the appointed date and there was no request from any quarter within the government for deferral of the date of introduction. However, if the industry strongly feels that there is need for a deferment, the government may be willing to look at it. However, he stated that realistically he did not expect the roll out date to be deferred.

Mr. Kumar also stated that with the introduction of the GST, the industry would benefit immensely, because the definition for all aspects will be standard across the country, the multiplicity of taxes and returns would be a thing of the past. Even the movement of goods across State borders will be simpler with transporters witnessing a significant reduction in idle time. He also stated that industry would benefit because they would be able to claim credit across State borders and the industry would not need to be concerned about the back end settlement and flow of credit at all.

Meanwhile, the Commissioner informed that the Union Government is spending Rs. 2000 crore to revamp the working of the backend system which is equally important and also train officers to adapt to the massive administration changes that will happen with the GST rollout.