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CBEC: Ceding Control of GST Admin to States Will Disempower Centre

GST Council to meet again on December 11-12

Our Bureau

New Delhi: Giving in to the states' demand for sole control of tax administration of taxpayers below ₹1.5 crore threshold under the goods and services tax (GST) regime will disempower the Centre, a top official of the Central Board of Excise and Customs has said, suggesting that breaking the deadlock over the issue could be difficult.

"The debate and discussion have only been on whether the Central government should be kept out of a certain category of goods. We seriously believe that while I empower you, you cannot disempower me," CBEC chairperson Najib Shah said at an event organised by industry body Assocham. "In effect, by saying that you cannot be there in a certain category of goods, you are disempowering me which we have our reservations about."

Lack of consensus on the issue of how the new tax, having central and state elements, would be collected and administered is holding up the supporting legislations on the GST, which the government is keen to introduce on April 1 next year.

The GST Council will meet again on December 11-12 to thrash out the issue. States including West Bengal, Kerala, Uttarakhand, Uttar Pradesh and Tamil Nadu have insisted on exclusive control over small taxpayers, who earn less than ₹1.5 crore in annual revenue, for both goods and services. The Centre is reluctant to divide the assessment on the basis of turnover.

A decision on the issue is important to ensure that a taxpayer is assessed only once and a 'dual control' is avoided. "We are clear that one assessee will be dealing with the administration of either state or Centre. So, the entire cross empowerment issue was, we empower each other... in case the state authorities look at SGST issue, they also look at CGST and vice versa," Shah said.

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NAJIB SHAH
CBEC Chairperson

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The Hindu Business Line December 9, 2016

GST Council may reduce tax slabs in future: CBEC chief

PRESS TRUST OF INDIA

New Delhi, December 8

The GST Council may in the future decide to reduce the tax slabs under the Goods and Services Tax regime after analysing the revenue garnered and the compensation payouts to States, a top official said on Thursday.

With industry demanding lowering of proposed GST rates of 5 per cent, 12 per cent, 18 per cent and 28 per cent post the demonetisation, CBEC Chairman Najib Shah said the Centre and the States at present collect ₹8 lakh crore from indirect taxes, minus customs duty, and the same level of revenue has to be collected in the GST regime.

Any change in tax slab is possible after assessing the revenues and the effect of exemptions and deductions given in the new tax regime and analysing it with the expenditure.

Najib Shah

"Once we see how much money is collected from these taxes, we can certainly look at the rates. It is not cast in stone. GST Council has complete flexibility to do so and will do so I am sure," Shah said at an Assocham event here.

In November, the GST Council, which is headed by Union Finance Minister and has State representatives, agreed on the four-slab structure along with a cess on luxury and 'sin' goods such as tobacco.

"The Central government has committed to compensating the states for five years. Now it is a huge burden which Central Government has cast upon itself. The underlying theme is GST will increase revenues and the need for compensation perhaps will be lesser," he said. Shah said that the GST Council has to take into consideration the range of products under GST and the political compulsion of every state while taxing them.

Currently VAT and excise duty on commodities ranges from 6 per cent to 300 per cent on sin goods.

"Where do we get the money from if we don't have the flexibility to have rates. That the task of fitting a product to a rate is easier said than done. How do we still give money after giving exemptions.

"The multiplicity of rate is a necessity both economic and political. Now should we reduce that number from 5 to 3 to 2? Once we see how much money is collected from these taxes, we can certainly look at the rates," Shah said.

He said the officers committee has already started work on which goods is to be placed in which tax bracket and the final call would be taken by the GST Council.

Dismissing suggestion of having single rate GST as in EU, he said the wide range of products and their varied taxation rates make it imminent to have multiple tier tax structure.

"How can you possibly have one rate for edible oil and car or for *atta* and computers. We cannot have one rate. We can reach one rate 20 years down the line. EU, several countries have one rate of 18/20 per cent, will that be acceptable to us? It would not be acceptable for us. We have to have multiple rates," Shah said.

Business Standard

December 9, 2016

Council may reduce tax slabs in future, says CBEC chief

PRESS TRUST OF INDIA
New Delhi, 8 December

The goods and services tax (GST) Council may, in future, decide to reduce the tax slabs under the GST regime after analysing the revenue garnered and the compensation payouts to states, a top official said on Thursday.

With industry demanding lowering of proposed GST rates of five per cent, 12 per cent, 18 per cent and 28 per cent after demonetisation, the Central Board of Excise and Customs (CBEC) Chairman Najib Shah said the Centre and the states at present collect ₹8 lakh crore from indirect taxes — minus Customs duty — and the same level of revenue has to be collected in the GST regime.

Any change in tax slab is possible after assessing the revenues, the effect of exemptions and deductions given in the new tax regime, and analysing it with the expenditure. "Once we see how much money is collected from these taxes, we can certainly look at the rates. It is not cast in stone. The GST Council has complete flexibility to do so and will do so I am sure," Shah said at an Assocham event here.

In November, the GST Council, which is headed by Union Finance Minister Arun Jaitley and has state representatives, agreed on the four-slab structure along with a cess on luxury and 'sin' goods such as tobacco.

"The central government has committed to compensating the states for five years. Now it is a huge burden which the central government has cast upon itself. The underlying theme is GST will increase revenues and the need for compensation perhaps will be lesser," he said. Shah added the GST Council has to take into consideration the range of products under GST and the political compulsion of every state, while taxing them.

Financial Chronicle

December 9, 2016

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PRESS TRUST OF INDIA

New Delhi

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With industry demanding lowering of proposed GST rates of 5 per cent, 12 per cent, 18 per cent and 28 per cent post the demonetisation, Central Board of Excise and Customs chairman Najib Shah said the Centre and the states at present collect Rs 8 lakh crore from indirect taxes, minus customs duty, and the same level of revenue has to be collected in the GST regime.

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> *Chairman, Central Board of Excise and Customs*

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"Where do we get the money from if we don't have the flexibility to have rates. That the task of fitting a product to a rate is easier said than done. How do we still give money after giving exemptions...The multiplicity of rate is a necessity — both economic and political. Now should we reduce that number from 5 to 3 to 2? Once we see how much money is collected from these taxes, we can certainly look at the rates," Shah said.

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