



Week of 7th January, 2019

PROPOSED CHANGES AND INDUSTRY ISSUES

Uniform tax rate for energy order

In an effort to make energy sector more competitive and to ensure uniform pricing across India, government officials are ordered to speed up efforts to bring all states on board for inclusion of oil, natural gas, electricity and coal under GST. There is a large bias in energy industry between inputs to renewable generation and inputs to thermal generation. GST on inputs on renewable generation is levied at 5% while GST levied on inputs to thermal generation is 18%. This move will eat out a major chunk in the revenues of the state, the reason being that states have the freedom to levy their own taxes at their own will .

Compliance to be simplified for composition scheme dealer

In its 32nd Council meeting held on 10th January, 2019, The GST Council has decided to simplify GST compliance for composition scheme dealers. After the amendments coming in to effect from 1st April, 2019, a composition scheme dealer needs to file only one annual return but payment of taxes would remain quarterly.

Free accounting and billing software for small taxpayers

The government is in the process of launching a free accounting and billing software for small taxpayers. This new software will be of a great relief to small taxpayers who have had to shell out a considerable amount from their budget towards maintenance of accounts. The software is in its developing stage and is expected to get launched in coming months.

Kerala Cess

The GST Council in its 32nd meeting considered approving a levy of cess on intra-state supply of goods and services. The rate of cess to be levied should not be more than 1% for a maximum period of 2 years. This cess is applicable only in the state of Kerala. This call was taken in consideration of the recent floods which affected Kerala in August last year. The damaged caused to the livelihood of the localit  runs into crores.

Composition scheme in real estate sector

The government has decided to constitute a group of seven members consisting of ministers to examine the proposal of allowing composition scheme to boost the residential segment of the real estate sector. The group of members is also looking at revising the structure of GST to be levied on lotteries.

Increase in turnover limit for composition scheme dealers

The GST Council has decided to increase the turnover limit (annual) for the preceding FY in order to avail the composition scheme benefit from Rs. 1 crore to Rs. 1.5 crore. However, the special category states are provided a time limit of one week whether to accept the new amendment or not.

Increase in threshold limit for supplier of goods

The GST council has provided 2 thresholds limits of Rs. 20 lakhs and Rs. 40 lakhs, for registration and payment of GST for the supply of goods, respectively and the State Governments have to decide their respective limits. There is no change in case of "Service Provider" as the threshold continues at Rs. 20 lakhs and in special category it is Rs. 10 lakhs.

Increase in threshold limit for supplier of service

The GST Council has decided to provide a benefit of composition scheme to service providers. The threshold limit of turnover in the preceding FY would be Rs. 50 lakhs for supplier of services or mixed suppliers with a tax rate of 6% (3% CGST + 3% SGST).

Glossary

CGST – Central Goods and Service Tax

FY – Financial Year

GST – Goods and Services Tax

GSTN – Goods and Service Tax Network

SGST – State Goods and Service Tax

GST Council- Goods and Services Tax Council, a constitutional body comprising of members of the Central and the State Governments to recommend changes under the existing GST regime.

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