THE HINDU BusinessLine

Informal GST Council meeting remains inconclusive

Our Bureau
New Delhi, November 20:

An informal meeting of the Goods and Services Tax (GST) Council, called by Finance Minister Arun Jaitley on Sunday to discuss the issue of administrative control of businesses, remained inconclusive.

"The meeting was inconclusive. Discussions will continue on November 25," Jaitley said after the meeting.

Sources said the meeting, which was attended only by State Finance Ministers and Jaitley, could not reach a consensus on the tax jurisdiction to be shared between the Centre and States under GST.

Uttarakhand, West Bengal, Uttar Pradesh, Tamil Nadu and Kerala were keen on horizontal division of assessees under GST, which would mean that they would have exclusive control over small businesses that have an annual turnover of less than ₹ 1.5 crore. Beyond this limit, there would be cross-empowerment of officials of the Centre and States.

However, other States, as well as the Finance Ministry, are keen on a vertical division of assessees under which both the Centre and State will get a fixed number of them. This would ensure single registration of the assessed and 'ease of doing business' under the indirect tax levy.

As a compromise, the Centre has indicated that it can give States administrative power over two-thirds of the taxpayer base. It also wants to have jurisdiction over service tax assessees.

Despite numerous rounds of discussions on the tricky issue, the States and the Centre have been unable to reach an agreement.

Discussions at the last meeting of the GST Council on November 4 were also inconclusive and options of horizontal and vertical division of assessees were discussed. However, despite the hiccups, both the Centre and States still seem confident that the GST will be rolled out from the targeted date of April 1, 2017.

Meeting today

Officials of the Finance Ministry and State tax departments will now meet on November 21 to thrash out the issue. The GST Council will then meet again on November 25 to discuss the issue of control as well as the draft GST laws.

The total indirect tax base that will be subsumed under GST is estimated at 10 million. Of this, just 0.4 million are common to the Centre and States.

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