




Tax Experts react to passage of GST Bills in Lok Sabha

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Expert	Comments
 <p>Rajeev Dimri (BMR & Associates LLP)</p>	<p>GST Bills as passed by Lok Sabha have significant improvements as compared to the earlier drafts which clearly indicate that industry's representations have been considered seriously by the GST Council. Heading closely towards their official enactment, GST Bills should provide higher certainty to the industry to take decisions for GST implementation.</p> <p>Major new taxation concepts proposed by the GST law include decentralized registration requirement for service sector, anti-profiteering measures, and taxation of free supplies between related parties. These changes would require in depth analysis and careful planning before restructuring existing transaction models in line with GST principles. Also the new documentation requirements of self-invoicing, payment vouchers etc in case of purchase from unregistered dealers liable to reverse charge could be fairly cumbersome for businesses to comply with.</p> <p>Major portion of overall taxation scheme appears to be driven by the GST Bills as compared to existing service tax law wherein the delegated legislations provide for key concepts such as place of supply rules, point of taxation rules etc. This indicates a move towards a better taxation scheme where there is a limited delegation to the Government to frame rules for procedural aspects only. Thus, any major changes to taxation principles and policies would require Parliament or State Legislature approval preventing any overnight changes by the Government.</p> <p>Finance Minister's speech provided much needed comfort that changes to GST law should not be made by each State. GST Council's role for making recommendations to the Central and State Government(s) in matters relating to GST is the key to ensure uniformity in GST law and rates across the country.</p> <p>GST Bills as passed by Lok Sabha should provide enough material to India Inc to start implementing GST for the business. Now its important that supporting rules are finalized by the GST Council in its next few meetings, and should be released at the earliest to enable the businesses to align their compliance and regulatory processes. Furthermore, for the businesses to precisely assess the financial impact, it also essential for the policy makers to provide clarity on the applicable tax rates for various sectors.</p> <p>The decision of ring fencing the rate of cess on demerit goods at</p>

	<p>15 percent is welcome. This would provide certainty of maximum cess costs that the relevant sectors may need to consider in working out their pricing under GST regime. Any increase over these rates would require Parliament approval thereby ruling out the possibility of any unexpected overnight surge in cess rates. The increase in the rate cap to 40 percent under the IGST legislation has been an unnerving piece of news for India Inc though.</p> <p>The next meeting(s) of GST Council would be crucial when the supporting GST rules would be considered. These rules are expected to provide clarity on operational and administrative aspects of GST which are also critical to ensure GST preparedness before the go live date. Furthermore, for the businesses to precisely assess the financial impact, it also essential for the policy makers to provide clarity on the applicable tax rates for various sectors.</p>
 <p>Harishanker Subramaniam (EY)</p>	<p>The passing of the GST Bills in Lok Sabha is a landmark event and confirms the Government's commitment to an early GST implementation.</p>
 <p>D. D. Goyal (Maruti India)</p>	<p>We are happy to know that Lok Shabha has passed 4 bills relating to introduction of GST. Change over from present excise, service tax and vat regime to IGST, SGST and CGST would be a historic step. We all are confident to successfully move over to regime of TAXATION inspite of some anxiety of short term disturbances. We are looking forward to a modern, progressive and digitally enabled method of taxation for growth and prosperity of all citizens and our Nation.</p>
 <p>Prashant Deshpande (Deloitte Haskins & Sells)</p>	<p>There appears a widespread concern of GST Council's powers and whether the legislative supremacy of the Parliament in making laws is being taken away by the GST Council. The concerns seem misplaced as the GST Council can only make recommendations to the Union and the States on the matters prescribed in the Constitution (101 st Amendment) Act, 2016. The real concern is whether the recommendations made by the Council will be uniformly applied.</p> <p>The GSTN is being referred to as the technology nightmare. There is no dispute on the need of GSTN as the infrastructure backbone for the effective implementation of GST and a successful implementation will be a boon and an achievement that will be a global trendsetter.</p>

Concerns with regard to anti profiteering provision seen as vague would need to be overcome by focusing the provisions on specific goods and learning from the experience in other countries of implementing these provisions. It should not prevent companies from benefitting from efficiency gains and must not be seen as a measure to harass the business.

The multiple rates structure under GST also came in for criticism as deviating from the principle of one nation one tax and defeating the objective of GST. The Government would do well to stick to a single rate of tax on services.

The question over the ability of Trade and Industry to be ready by the appointed date of July 1 was discussed and it was rightly pointed out that industries must be informed in advance in case of a delay in implementation to September.



Satish S. (Reliance Industries)

With the introduction of GST round the corner, the expectations are very high as regards improvements in tax efficiency in procurements and tax optimisation in the supply chain initiatives of corporates.



At the same time, expectations are very high from the tax professional's perspective as regards better business opportunities for them. Probably for the first time, indirect tax professionals are called to board rooms for discussions.

There is an expectation of optimism in the air as regards the manufacturing sector in terms of likely reduction in prices of commodities. The ultimate consumer is waiting to see whether the prices of essential commodities would drop and whether his net purchasing power would go up. Does this mean that GST is a win win for all?

The only sector which is possibly not so optimistic is the services sector like banks etc. which expects cost of compliance to shoot up apart from Increase in rate of tax.

The anti-profiteering provisions will be enacted as a measure of consumer protection. The only concern is that it should be implemented with caution.

With this general all round optimism, we sincerely hope that GST is the right tax solution for the country to take India to the next level as regards cost competitiveness and take it ahead of countries like china etc. India with such abundance of natural resources, quality manpower, internal demand for products and services etc., it is time we take on the world and become a super power. We have the potential and the will to do it. I only hope and pray that the Administration of the GST law is fair and equitable and translates

	<p>the Indian dreams into reality.</p> <p>It is the duty of every common man and all business houses to rise to the occasion and ensure 100 % compliance and ensure a wider base of tax payers. We need to bid goodbye to the parallel cash economy which in a way has begun to show results post demonetisation. So as a proud Indian, I believe that the dual, consumption based GST is the right tax reform for the country and at the right time. A sound GST law coupled with a perfect administration is the key to success. Good bye to tax inefficiencies, cascading effect of tax on tax, dual tax levies etc. in business. This can really improve employment opportunities to young Indians and pave the way for a better tomorrow.</p> <p>Welcome GST, jio GST. Jio India.</p>
 <p>R. Muralidharan (Deloitte Haskins & Sells)</p>	<p>GST bill passed in Loksabha.! India inching forward towards implementation of a significant tax reform!!</p>
 <p>Rohit Jain (ELP)</p>	<p>Passage of GST Bills by the Parliament is a big and definitive step for implementation of GST in India. The Bill provides that the laws will be effective from the date to be notified. The next watch out event, after parliamentary process at upper house, therefore is the notified date for transition July 1st or September 1, 2017. Industry should now really start for transition.</p>
 <p>Bhavna Doshi (BDA LLP)</p>	<p>Thrilled at the passage of GST Bills in the Lok Sabha today; a historic move which will usher in a new indirect tax structure for the country. My compliments to all the officers who have been burning mid-night oil for months on end, all the members of the GST Council, Parliamentarians, professionals, media and industry bodies for their contribution. In the same breadth, would also like to mention that the devil is in the detail and the test of a law is in its implementation. Trust and hope that there will be attitudinal change all around and the key responsibility that tax administrators will assume in new regime will be to facilitate implementation and help and guide tax payers. We now await drafts of rules and product and service fitments in rate structure. We look forward to continuation of open discussion and debate and trust that we will get clarifications for specific positions adopted by GST Council especially, on issues where representations have been made pointing out compliance challenges.</p>



Abhishek Jain (EY)

Today is clearly a landmark day in the history of independent India. Needless to say passage of the GST Bills by the Lok Sabha paves the way for introduction of GST and would be a tectonic shift in the Indirect Tax regime in India. GST, though only an tax reform, would fundamentally change the way business is done in India by converting India into one common market, removing inter-state tax inefficiencies and giving full flexibility to industry to structure their business supply chain without any Indirect Tax distortions. Coupled with this is the revenue buoyancy that GST would trigger by plugging the tax leakage/evasion that occurs today. Both these factors should lead to the much talked about GDP uptick by 1 percent to 2 percent. No one doubted the economic benefits of GST; but today it is great to see that different political parties, centre and states to come together to overcome their political differences and unite to pass this historic reform.

Ritesh Kanodia
(Dhruva Advisors LLP)

The Government is on the verge of creating history in the field of taxation. The 10 -year long journey to GST is finally nearing an end. Considering that the GST bill has been tabled as a Money Bill in Lok Sabha, the role of the Rajya Sabha would be limited to making recommendations thereon. With the onset of GST now being virtually certain, what is expected is:

- a) For the Government to be conscious of the timelines for system changes, procedural changes & drafting lacunas in the law arising out of business realities
- b) An early release of the GST & allied rules as well as rate schedules
- c) Creating a friendly & pro-active approach to enable, especially medium & small scale industries to migrate to GST.

Abhishek Rastogi
(Khaitan & Co.)

The developments with respect to GST are going in the right direction and it looks that we are not too far from witnessing one of the biggest reforms of the country. From perusal of the bills, it is abundantly clear that the government will ensure timely tax payments/compliances and provide relevant benefits to the honest tax payers. The bills suggest that there will be benefits for consumers and MSMEs.

Amitabh Khemka (Sthir
Advisors LLP)

Today, four Bills were moved for consideration and passing, wherein each of these Bills were dependent upon another Bill and the Bills were introduced in anticipation of the passing of the Bill on which it is dependent. Lok Sabha passed today all these four Bills – CGST, UTGST, IGST and GST Compensation Cess.

Clarifications, arising from the discussions, on the following are quite useful:

- Likely applicability of GST in Jammu and Kashmir

- One nation one tax should be understood as a single rate of tax for a commodity across the country
- The agricultural products would be zero rated; the definition of 'agriculturist' is for the purpose of registration only
- GST Council would consider introducing real estate within a year or so after introduction of GST
- The residual entry in the Schedule in the GST Compensation Cess reading as 'Any other supplies' would be restricted to sin / luxury goods only
- The need of having the anti-profiteering provisions in GST Bill
- Though, GST Council has recommendatory powers, but how its recommendations are kind of mandatory for implementation of GST, as intended and considering its federal structure
- Centralised registration can be considered under Clause 148 of the CGST Bill, if GST Council recommends.

The current session of Parliament ends on April 12, 2017, not giving 14 clear days from tomorrow. Hence, these Bills needs to be placed and discussed in Rajya Sabha and returned to Lok Sabha before April 12, 2017 such that the Bills can be finally passed in Lok Sabha by April 12, 2017; this would pave way for introduction of GST on July 1, 2017.



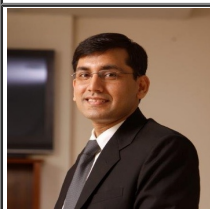
Jigar Doshi & Ravi
Soni (Sudit K Parekh &
Co)

'Aye' to GST, people can now literally 'See' GST

The constitutional journey of GST which begun in December 2014 is now approaching its very deft end with Lok Sabha clearing all the four enabling GST Bills on 29 March 2017. While this carves out to be one among many milestones in the GST history, the people of India who have mulled over several versions of Model GST Law may still have to wait a little more before the final version of the GST Bill has been inked as Law. The recommendation that is upcoming from the working committee on various aspects along with the rules and regulations finalisation by GST council will give light at the end of the GST tunnel and make the "final" law ready to be implemented. Having said the above, it is almost certain that these CGST / IGST / UTGST/ Compensation Bill (which are yet to pass through Rajya Sabha for formality sake as the same is a money bill) are likely to be adopted as the final GST law. States will further take up the SGST Bills at the State assemblies.

Separately, attention has to be drawn towards one very interesting observation that was made by the Finance minister after the session outside the Parliament, that he was 'reasonably optimistic'

that GST will be implemented from 1 July 2017. The dedication by the Government is seen time and again to implement GST at their earliest – however, basis the industry expectation coupled with the words used by the FM, there is decent probability that 1 September be the realistic date. In either of the cases July or September or any other date in between them, it now goes without saying that a GST in the next few months is almost certain.



Puneet Bansal (Nitya Tax Associates)

The passing of CGST, IGST, UTGST and GST Compensation Bills by the Lok Sabha today marks a formal approval to the GST laws. The Bills were presented as money bills which effectively dilutes the role of opposition. Thus, the laws are likely to retain their existing shape till they receive final assent from President.

At this juncture, it is important for the Government to take note of concerns raised by some members today, such as increasing threshold for payment of GST under composition scheme, clarification on operation of anti-profiteering clause, centralised registration for banking companies etc. The addressal of these concerns will go a long way in the swift implementation of GST.

With this, the Government seems all set to implement GST on July 1, 2017, though it has breathing time of another 2 months till September 2017. The Government may eventually utilise additional 2 months for smooth implementation of GST, for tax administration as well as taxpayers.

As a member pointed out, currently GST is like ugadi patchaddi – a chutney served during ugadi which marks the beginning of new year. One will know how sweet it is only once it is implemented.