

Rate changes face delay as many in GoM back current GST slabs

FURTHER ACTION. Panel to make presentation before GST Council on September 9

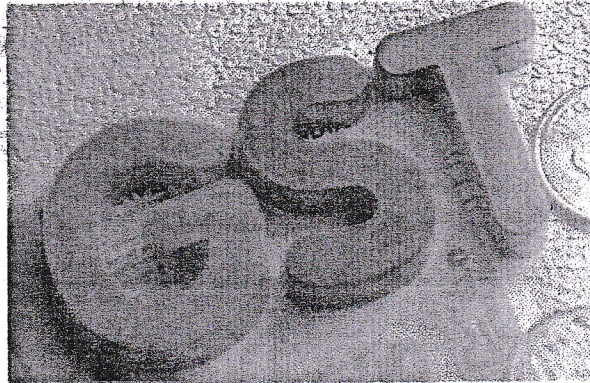
Shishir Sinha
New Delhi

Rate rationalisation is likely to be delayed as majority members in the concerned Group of Ministers (GoM) are in favour of retaining the present structure.

Meanwhile, the issue of GST on health and life insurance premium will be examined by the Fitment Committee, a group of Central and State Tax officials.

The GoM will make a presentation on the status quo before the GST Council on September 9. Accordingly, the Council will discuss further plan of action.

"Some GoM members are demanding that no changes be made to the tax slabs under GST. More discussions will happen before a final decision is taken," said Bihar's Deputy Chief Minister Samrat Chaudhary, who convened the first meeting of



EXISTING SLABS. There are four tax rate slabs - 5, 12, 18 and 28% - besides special rates like 0.25% (rough or sown diamond) and 3 per cent (gold and silver) GETTY IMAGES/ISTOCKPHOTO

the reconstituted GoM on Thursday.

He also mentioned that the GoM has received representations from restaurants, beverage and online gaming sectors, which will be reviewed and some of them will be sent to the Fitment Committee.

As on date, there are four

tax rate slabs - 5, 12, 18 and 28 per cent - besides few special rates such as 0.25 per cent (rough or sown diamond) and 3 per cent (gold and silver).

Some goods in the 28 per cent slab also attract compensation cess of up to 22 per cent, taking the total rate to 50 per cent.

Talking to *businessline*, West Bengal Finance Minister Chandrima Bhattacharya said, "I have said there should be no changes in the GST slab. A presentation will be submitted before the Council."

The next meeting of GoM is likely to be held on September 23 or 25. Asked if the GoM deliberated on reducing 4 slabs to 3, she said, "That will not happen for now. Slabs will be retained at 5, 12, 18, and 28 per cent. This will be reviewed by the Council."

Karnataka Revenue Minister Krishna Byre Gowda said that Goods and Services Tax (GST) has broadly stabilised. "So why disturb it? What will you achieve by disturbing it? We have said that in the next meeting that we will discuss

it (reducing slabs)," he added.

He also said that the GoM had asked for a break up of changes in tax rates on some items. "What will be the implication of tax rates going up or down on those items?" he said.

GST ON INSURANCE

When asked about the much-debated issue of GST on insurance premia, Bhattacharya said that she had raised the issue during the meeting. "The issue will be reviewed by the Fitment Committee before being presented to the GST Council," she said. It may be noted that the Committee has previously rejected revision in this rate thrice on the grounds that standard rate during pre-GST regime and reduction or exemption could lead to distortion of tax structure.

Responding to this, Byre Gowda said, "We have asked for further report (from Fitment Committee). We are not sure if it's part of the agenda."

The Opposition has been demanding the removal of GST on health and life insurance premia, which attract 18 per cent.

Earlier this month, Finance Minister Nirmala Sitharaman had said that tax on insurance premia has been in place even before the imposition of GST, and that the Centre shares GST revenues with States.

Other members of the GoM are Kerala Finance Minister KN Balagopal, Uttar Pradesh Finance Minister Suresh Kumar Khanna, Goa Transport Minister Mauvin Godinho, and Rajasthan Medical, and Health Services Minister Gajendra Singh.

Meeting to decide on GST rates for real estate remains inconclusive

The Group of Ministers' (GoM) discussions on real estate on Thursday remained inconclusive. The group will meet one more time before making suggestions.

The GoM, under the convenorship of the Chief Minister of Goa Pramod Sawant, is assigned to make suggestions at the meeting on various issues related with the GST mechanism for the real estate sector.

One of the key terms of reference is to examine various aspects of GST levied on the transfer of development rights in the Joint Development Agreement and suggest a suitable model.

Based on the recommendations of this GoM, the GST Council will consider various options. The issue of GST is tangled in various litigations. Earlier in February, the Telangana High Court had dismissed a writ petition filed by a realtor challenging GST on 'transfer of land development rights' (TDR) on a JDA for residential projects. This held valid the notification that imposed GST on JDA.

The matter has now reached the Supreme Court, where the ruling has been challenged. In its first hearing, the apex court did not grant a stay on the GST. Next date of hearing is September 9.