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L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

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**GST Council approves draft CGST
Bill and draft IGST Bill**

Introduction

GST Council, comprising Union Finance Minister and State Finance Ministers, has, in its meeting on 4-3-2017, approved draft of Central GST Bill (CGST Bill) and Integrated GST Bill (IGST Bill).

These Bills will be tabled in the Parliament in the ongoing Budget Session, according to the official press release issued by the Ministry of Finance after the meeting of the GST Council.

Major features of CGST and IGST Bills

The said press release also provides major features of the Bills.

- **State-wise Single Registration & Single Return:** One single registration will be required State-wise for a taxpayer. Similarly, single return will be required to be filed (State-wise) to report all supplies by a taxpayer. This will include intra-State, inter-State and export supplies covering all the taxes, as applicable, viz., CGST, SGST, IGST or UTGST.

- **Threshold limit**: A business entity with annual turnover upto Rs. 20 lakhs will not be required to take registration but such entity may opt to take registration so as to be part of the input credit chain. This threshold limit will be Rs. 10 lakhs in respect of entities in Arunachal Pradesh, Sikkim, Uttarakhand, Himachal Pradesh, Assam and other North-Eastern States.
- **Composition Scheme**: A business entity having annual turnover of upto Rs. 50 lakhs can opt for Composition Scheme and pay GST at lower rate. This facility will be available for traders, certain manufacturing sectors and restaurants.
- **Input Tax Credit**: ITC will be available on all goods and services used in the course or furtherance of business except those listed as not eligible for ITC.
- **ISD Mechanism**: Existing mechanism of Input Service Distributor (ISD) will continue to allow flow of ITC on input services within a legal entity.
- **Anti-profiteering**: Anti-profiteering provision has been incorporated to ensure that the reduction in tax burden is passed on to the consumers.

- **Treatment of agriculture**: An agriculturist will not be liable to take registration under GST to the extent of supply of produce out of cultivation of land.
- **Migration, transfer of ITC, etc**: Provisions for advance rulings, appeals, migration of existing assesseees and transfer of unutilised ITC have been made.
- **GST payment in instalments**: Commissioner will be empowered to allow payment of GST in instalments.

GST implementation from 1st July this year

The government has made it clear that GST will be implemented from 1st July 2017. Taxpayers have around 3 months to prepare themselves in terms of analysing the impact of GST on their business operations, revising existing processes, devising migration strategies and designing implementation mechanism to be GST-ready and to have GST-efficient system.

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