

Although, speculations are still on, about the date of implementation of GST, the Finance Minister maintains that GST would be implemented with effect from 01.07.2017. As proof of their readiness, the Government is pointing out that the IT system required for implementation is fully in place. Also out of 60,000 + officers need to be trained, training is complete for 30,000 and the training for rest is taken on top priority.

The number of States having passed SGST bills include Telengana, Haryana, Assam, Goa, Jharkhand etc.

Enrolment under the Goods and Services Tax Network (GSTN) to migrate taxpayers to the new indirect tax regime's information technology system has been temporarily suspended and will reopen from 1st of June. The suspension is because data is being migrated from the so far rented IT infrastructure to a permanent one, which will take 10-15 days. Reports say that out of the 8.4 million registered taxpayers, around 6 million have registered under GSTN.

Government also announces Digital kiosks known as common service centres to be in operation to help merchants in filing returns under GST and also for training.

Also there has been new appointments at the level of members of CBEC, with Senior bureaucrats R K Mahajan appointed as Director General of Central Excise Intelligence and Mahender Singh as Director General (Audit). (This is not relevant to GST)

GST Council

Next meeting of the GST Council is scheduled for 18th and 19th of May 2017 at Jammu & Kashmir. This would be one of the most significant meetings since the schedule of commodities with applicable rates would be decided in this meeting. Already, there is a committee which has been formed with representatives from Central and State Revenue Departments which is entrusted with task of finalising the schedules. The list as prepared by the Committee would be discussed and finalised at the meeting.

While the preparations are in full swing on the part of Government, what is happening at the end of taxpayers? Tax payers are either confused or are full of apprehensions.

The SME Sector especially is very apprehensive about the possibility of ensuring complete compliance due to lack of proper knowledge of the various provisions of law. The provisions are so complicated and confusing for understanding even for an average consultant, making it all the more difficult for a layman to understand implications of same for his business. The provisions such as Place of Supply Rules in respect of interstate service transactions, Point of Taxation for goods, Valuation for deemed supplies, Reconciliation of e way bills, etc are completely new and therefore the implications would be known only when put to practical situations. The promise of hassle free transportation has been forgotten due to insistence of e way bills and the industry is expressing concerns over difficulties in complying with procedural requirements in case of e way bills.

In this context, the points of concern expressed by Sri. P. Chidambaram, former Finance Minister mentioned below clearly reflects the apprehension of industry :
(Excerpts)

- (i) Hurried roll out of GST by 1st of July may lead to complications for small traders. When bigger companies can employ talent and skills to quickly get on to GST, Businesses in the tier II and tier III towns who only have a local accountant to handle their accounts and are not yet completely familiar with electronic filing, it's a huge burden on them.
- (ii) When the taxpayers make mistakes, the tax official descends on them and starts issuing notices and there will be a huge backlash against the trading community and the business community.
- (iii) The GSTN has to be proved in a trial. The Finance Minister spoke of 30 billion invoices a day... If that number is right, it is a humongous number... Is the GSTN capable of processing all that without glitches? I think the GSTN

should be allowed to run it on a trial basis for a month or two before the actual launch.

- (iv) The flaws in the design of division of power between the Centre and the State Governments to tax the assesses on the basis of turnover, could lead to major disputes between the Centre and State Governments. "What happens if the turnover goes above Rs 1.5 crore in one year and then falls below Rs 1.5 crore the next year and then after 2-3 years, again goes above Rs 1.5 crore?"
- (v) The exclusion of key items such as electricity, real estate and petroleum products from the GST purview. "It's a very unsatisfactory compromise. They have kept out 40 percent of the GDP. I can understand the States being zealous about taxing alcohol, but I can't see why Centre could not persuade the States to include electricity, real estate and petroleum products,"
- (vi) The multiplicity of rates that defeats the very idea of a unified tax regime.. "It can be made less imperfect if you put 70 percent of the goods and 70 percent of the services in the rate of 18 percent. And if you manage to push 90 percent of the goods and 90 percent of the services in the modal rate of 18 percent, it becomes even less imperfect. So the fitment is the key...the whole thing will unravel if the fitments are done unwisely or with greed in your heart,"

The points as raised above by Sri. Chidambaram, is also the concern of every tax payer. There are also reports doing round that even when rates are finalised at next GST council meeting on 18th, same would be disclosed only at a date nearer to implementation date for GST as this measure should be resorted to in order to prevent manufacturers and traders from manipulating their operations depending on rates. If these reports are true, it will be difficult even for organized industries to comply from July 1, let alone India's 40 million small-scale enterprises, 70 percent of which are unorganized and haven't started the process of readying their businesses.

The only thing a tax payer can do at this moment is to keep fingers crossed and pray that better sense prevails, and the government is postponing the implementation date to September as proposed by some sectors OR to October 1st , i.e, second half of financial year as suggested by Sri. Chidambaram. Alternatively if the accounting year is going to be changed from financial year to calendar year , January 2018 would be most ideal time for the GST. (How are you advocating Oct / Jan, when the Constitutional amendments makes it mandatory by Sep 19th?