

GST Council meet today, taxpayers may get simpler return filing forms

The 27th GST Council meeting will take place today through video conferencing and is likely to come up with comprehensive changes to the return filing process in order to make it simpler.

Other key issues in the agenda include a proposal to bring GST Network completely in Government control by buying the stakes of the private entities. Currently, five private financial institutions - HDFC Ltd, HDFC Bank Ltd, ICICI Bank Ltd, NSE Strategic Investment Co and LIC Housing Finance Ltd, together hold 51 per cent stake in GSTN.

There is also a proposal to introduce a Sugar cess of 5%, which if approved by the Council will in all probability come through a new Act of Parliament in the next session since the GST Act has no provision for cess.

However, all eyes will be on the Council to come up with simplified return filing process. The Group of state finance ministers under Bihar Deputy Chief Minister Sushil Modi and Nandan Nilekani have been going through different iterations of the return filing process and have zeroed in on three different models of the process. The Council is widely expected to agree to one of them, which is likely to closely mirror the return filing process under the erstwhile VAT system. This would mean filing only one return every month compared to three every month under the current GST process.

GST collections for April crossed Rs 1 lakh crore for the first time, amidst indication that the indirect tax regime was stabilizing. However, the government and experts caution that collections are usually higher towards the last month of the financial year as taxpayers clear their arrears.

Anti-evasion measures like e-way bill that was introduced on April 1 is expected to stem any evasion taking place, but the government may want to do more.

An area where the Council may want to focus is on the Composition scheme. According to latest figures, out of 1.93 million composition dealers, 1.15 million, or 59.4%, filed quarterly returns and paid a total tax of only Rs 579 crore. Finance Minister Arun Jaitley has repeatedly expressed his concern on low levels of tax collection from the composition dealers and fears there may be tax evasion at play. The Council may want to bring in the Reverse Charge Mechanism (RCM), however, experts believe the Council may tweak the scheme to make compliance easier.

(Economic Times)