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Goods and Services Tax (GST)

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ABSTRACT

India introduced the Goods and Services Tax (GST) on 1 July 2017 after a decade of preparation. Ideally, GST should reduce tax and drive the market by enabling businesses to invest, reflecting consumer choices. The basic GST structure poses challenges. It differentiates between goods and services contrary to GST's essence. Too many rates contest the desirable single- or double-rate structure. There is wide variation among rates. Too many taxpayers have been brought in from the bottom, which will challenge the tax administration adversely. Registration is required in every state where a dealer is trading. This enables the central administration and that of each state to scrutinise the same taxpayer, but comprises a compliance challenge for small taxpayers. Going forward, teething problems in information technology affecting filing of returns should be corrected. There is no monitoring cell to check the GST's impact on revenue or inflation. GST was intended to be introduced on a revenue-neutral basis. The possibility of reduction in GST rates should be considered if post-introduction revenue has shifted up the pre-introduction collection trend. There should be no significant short-run adverse impact on GDP if cascading elements of the earlier tax structure are reduced under GST. These matters need monitoring and correction. Petroleum has to be brought in to the GST base quickly to reduce its cascading effects. Judging from the weekly posts by the Chairperson, CBEC, it is apparent that the top administration is trying to handhold taxpayers, ease compliance, and control remaining elements of corruption.

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1 INTRODUCTION

India's Goods and Services Tax (GST) was introduced after a decade of preparation, the first government paper having been completed on 31 December 2007 by the Union Ministry of Finance in cooperation with the Empowered Committee of State Finance Ministers. Over the following decade, several modifications were considered and made at both levels of government and a draft Constitutional Amendment Bill proposed by the Ministry of Finance to Parliament. This was examined by the Parliamentary Finance Committee whose suggestions were then incorporated and the Bill finalised, but was not introduced in Parliament as general elections approached. With the advent of a new Central government, the Bill successfully passed in Parliament and state Assemblies. GST was finally introduced on 1 July 2017.[1]

This paper traverses selected pre-introduction discussions as well as post-introduction efforts and remaining issues with respect to GST. It also attempts a critical analysis of the structure and administration of GST.

2 CONSIDERATIONS PRIOR TO GST INTRODUCTION

To begin with, the ideal structure of a GST needs some elaboration. Recall that a GST should be structured such that 'tax on tax', or cascading, should be done away with. This occurs when an input is taxed but is not given credit against the tax on output that the inputs help produce. The more cascading is left in the tax system the more is the number of 'exemptions' from a GST. This is because an exemption means that the output is not taxed so that no credit can be taken on the tax paid on inputs in the previous stage of production or distribution. Thus, one objective of a GST is to keep exemptions at a minimum. This objective could be viewed also as a reflection of keeping the GST base as broad as possible.

1 The Constitution (122nd Amendment) Bill, 2016, for introduction of GST in the country was accorded assent by the President on 8 September and the same has been notified as the Constitution (101st Amendment) Act, 2016.

Another objective of a GST is to keep the number of tax rates as low as possible so that there is no significant mismatch between output and input rates. For example, if the output GST rate is lower than the input GST rate, too much credit will be accumulated that cannot be taken against the output tax. And it becomes a difficult 'fitment' exercise to arrive at a menu of rates such that anomalies are minimised.

In India, GST was a political compact of fiscal federalism between the Centre and the states. Few countries have achieved this. Brazil introduced a conjoint value added tax (VAT) at three levels of government – central, state and municipal – in the mid-1960s though today it has become fractured, narrow in base, and is not managed well. Canada also has a similar federal GST but it is a small economy in terms of the number of taxpayers compared to India, is highly computerised reflecting its financial resources, and has very little tax evasion. Australia is a third country, but there it is collected at the central level and then shared with the provinces. Thus, today, India stands apart in having successfully introduced a GST simultaneously at both central and state levels of government.

While this comprises a significant step forward in the progress of taxation, it has to be examined how close the structure and administration are to the optimal, and how quickly can the GST system be expected to stabilise.

2.1 Ideal GST structure

Table 1 presents a structure of how a fiscal federal GST should have ideally looked like in India.

The Union Finance Minister, Arun Jaitley, called GST the 'single biggest tax reform since Independence', in Parliament on 20 December 2014. However, it is clear that while some of the conditions for an ideal GST are met, others are not. The main motivation for GST was trade facilitation and enhancing ease of doing business. It was not to be only revenue protecting or propelling. The purpose was to have a single tax to subsume all central- and state-level indirect taxes.

GST subsumes the central excise duty, service tax, state VAT, central sales tax, countervailing duty/special additional duty of customs,

Table 1. Ideal GST framework

Centre CGST	Selected Features	State SGST
One general rate (One lower rate could be accommodated)		One general rate (One lower rate could be accommodated)
• Broad base, including petroleum, alcohol and tobacco • Goods and services to be taxed at general rate • A few low-income consumption items at lower rate • Full ITC across multiple units of a firm	Parallel chains • No ITC between CGST and SGST • Cascading removed from overall GST system • No CST on inter-state trade • IGST to operate	• Broad base including petroleum, alcohol and tobacco • Subsume smaller taxes • Goods and services taxed at general rate • A few low-income consumption items at lower rate • Abolish CST • Full ITC across states • Monitor inter-state trade with computerised infrastructure • Install clearing house (at Central government level) for accounting and payments for inter-state trade (IGST)

Note: CGST= central GST; SGST = state GST; ITC = input tax credit; IGST = integrated GST octroi and entry tax, purchase tax, luxury tax and tax on lotteries, betting and gambling. However, there are four state taxes that are excluded from GST: tax on petroleum products, electricity duty, tax on alcohol for human consumption and stamp duty on immovable property.

Petroleum products represent ¼ to ½ of different states' revenues. To maintain that, states were opposed to including it in the GST base. But they are also a high cost of production for several services and industries for which no input tax credit (ITC) is being given. Putting it in the GST base would have ensured a non-cascading channel and reduced GST's inflation impact. Since the GST Council (the key decision-making body that will take all important decisions regarding GST with representation from the Central government as well as all the state governments) retains an enabling provision to tax it, there is hope that in the future petroleum could be included in the GST base.

As listed above, another tax that was excluded from the GST base was stamp duty on real estate transactions. Had it been included, its cascading effect would have been minimised. However, its exclusion could be explained through the good revenue that it fetches in its exclusive form to various states. For example, to give a range, in Maharashtra it is 20 per cent of own revenues and in Bihar it is 12 per cent. Thus, under GST, for real estate business, the tax base includes cost of construction materials and services provided by architects and contractors. But land value is excluded, i.e. stamp duty cannot be set off and, therefore, will cascade.

The success of GST is based on an information and communications technology (ICT) network for efficient working of a clearing house set up by the Centre for distribution to the states. It was announced on 22 September 2015 that Infosys would be in charge of setting up and administering the system. Though the financial cost of using the private sector was criticised in some quarters, it was actually a good decision to aim for the most efficiently run system possible to be acquired. With regard to another criticism, namely that the private sector would have access to confidential data, it needs to be pointed out that Infosys has been involved in running the Centralised Processing Centre (CPC) for income tax and no breach of confidence has appeared thus far.

2.2 Centre-state administration of GST: The GST Council[2]

The structure of the GST Council is unique. It comprises the union finance minister as chairperson; the union minister of state in charge of revenue or finance as member; and the minister in charge of finance or taxation or any other minister nominated by each state government as members. The Centre has a one-third voting share and the states two-thirds. The Council will recommend rates/bands, exemptions, thresholds, a model GST law, principles of levy, an integrated GST (IGST) apportionment and the principles to govern place of supply. However, a Dispute Settlement Authority had been dropped from the original 2011 Constitution Amendment Bill. If each state had its own authority, it was realised that the common market would face severe challenges. Finally, a compromise was reached so that the GST Council would establish a mechanism to adjudicate any dispute arising out of its recommendations. Since disputes can be between: (a) the Centre versus one or more states; (b) the Centre and states versus one or more states; and (c) state versus state, the final position implies there will be a standing mechanism to resolve disputes.

While the council is an excellent construct, it must be admitted that the states have been somewhat guided by a revenue goal. In the initial stage, the council also made several rate changes. This may reflect teething problems so that, after correcting for rate anomalies, the council should quickly revert to considering genuine policy improvements.

2.3 Revenue productivity of GST

If the general rate of GST is x per cent, then the achievement of a revenue intake of ½ x per cent of GDP is not impossible. The revenue achievement of ½ x per cent of GDP should be possible if: (1) the GST base is broad with few exemptions, (2) the general GST rate is not impeded by too many accompanying lower rates, (3) tax administration is transparent, (4) social norms do not erode taxpayers' tax compliance and (5) their compliance cost is not high.

2 The Constitution, as amended, requires the GST Council to be constituted under article 279A of the Constitution. Accordingly, it was constituted by the President on 12 September 2016 vide notification dated 15 September.

GST revenue productivity of ½ x per cent has been observed in Chile and New Zealand whose GST bases have been proverbially broad. In most countries, GST revenue hovers between ⅓ x per cent and ½ x per cent of GDP. The strategy for countries that have an x per cent GST rate should invariably be to design the GST structure and enhance its administration in a way that the achievement of ½ x per cent of GDP in revenue is feasible. This has been referred to as the **Shome Productivity Index** of the GST in reflection of his observing this trend in a number of Latin American countries.

However, a reformed tax cannot be meant for the authorities' revenue collection alone. Whether the Centre or the states, GST is not for garnering revenue through higher rates or administrative constraints on economic productivity. A reformed tax is one that reduces production distortions and administrative hurdles, thus clearing the way for higher productivity of goods and services. That, in turn, will produce more and add up to a higher GDP. In turn, this should then generate more revenue for the authorities. It is important for the authorities to ensure at both levels of government – through the GST Council – that capturing revenue does not become the first goal of GST.

3 CRITICAL ANALYSIS

Some critical considerations have to be addressed in the future by the GST Council. They include:

- continuing differentiation between goods and services
- too many rates, both of which are anticipated to lead to adverse implications for litigation
- an administrative requirement for inter-state dealers to register in every state they trade in, which goes against the common market principle
- traders can be picked up for audit in any of these states, making post-tax compliance activity challenging for taxpayers
- no input tax credit is to be given for output until the seller of input deposits the amount in the government's exchequer,

thus shifting a government responsibility to the taxpayer

- presumption of unjust enrichment in case of subsequent decline in prices so that the administration can effectively withhold benefits from a taxpayer

The Centre and states have brought under their respective control the same taxpayers even at lower turnover levels, thus implying an increased compliance burden on taxpayers with tax administrations at both levels to deal with. In fact, lower turnover levels had been excluded from service tax and Central VAT (CENVAT) at the Central government level, but have been brought back now. This would put considerable administrative burden on officers without the promise of much revenue gain.

3.1. Tax incidence of GST

GST has been hopefully introduced on a revenue-neutral basis for the structure as a whole. But there are bound to be winners and losers among the various players, for example, among various states' revenue authorities, among producers and dealers and among consumers. So, there is bound to be some dissatisfaction, though the authorities cannot be blamed on this count. What is important, however, is to install mechanisms to monitor egregious anomalies and malpractice that could occur, in particular during the early implementation period. Thus, it is important to put in place a Monitoring Cell (MC) to check whether excessive prices are being charged by retailers and see what challenges are likely to appear. This is not unknown internationally when a GST or VAT is introduced covering goods and services. For example, in South Africa the MC played a crucial role in checking the immediate ramifications of the new tax, so that prices actually fell as cascading was reduced significantly.

3.2 Long-term ramifications of exclusions

Petroleum and electricity are essential inputs in the supply – production and distribution – chain. By keeping these out, both upstream and downstream cascading will occur. This phenomenon can be explained as follows. First, there will be a tax on petroleum in every state though it will not be under GST. Therefore, the tax paid cannot be credited out by businesses who pay the tax when they buy and use petroleum products. Second, petroleum being outside GST, petroleum companies themselves – since they are excluded from GST – are unlikely to get any credit for the GST that they will have paid on their own inputs. Thus, petroleum companies will add the tax they will pay on inputs into their product price; and businesses that purchase petroleum will build in the tax they pay on their petroleum input into the sale price of their product.

Thus, there will be double cascading. Similar cascading will occur for other excluded inputs, in effect continuing the cascading of taxes, with concomitant distortionary production decisions and, therefore, the pricing of products. Those products that use more excluded inputs will set prices relatively highly vis-à-vis those products that use less excluded inputs. Consequently, the structure of relative prices that emerges will not reflect consumer preferences that should ideally determine all product prices.

As far as domestically consumed alcohol is concerned, its exclusion reflects political expediency at the state level for any revenue from it can be used in whatever way states wish with little monitoring and evaluation. In the ultimate analysis, as could be expected in a country whose constitution provides separate taxing powers to the states, it also reflects the Centre's inability to reign in malpractices at the state level.

This translates into continuing challenges for the GST Council to address in the medium term, viz. to include these important inputs in the GST base. Until that time, GST will not be successful in eradicating cascading.

3.3 What proportion of GDP is in the GST base?

One question that follows from the above-mentioned exclusions is what portion of GDP is covered in the GST base? If one considers the exclusion of real estate from GST and all other inputs and exemptions, some estimates show an exclusion of 60 per cent of GDP from the GST base. If we ignore real estate, we could perhaps work with a figure between 40 and 50 per cent. In any event, there is little doubt that a large portion of the GDP has been excluded. Even if a lower number is hypothesised, it implies that indirect taxes paid by this excluded portion will not be credited out in the supply chain and, instead, will be embedded multiple times as the production-distribution chain moves downstream. The ultimate outcome will be continuing distortions in price determination in the economy.

Despite the challenges mentioned above, if GST is able to improve the ease of paying taxes, then foreign investment should receive an impetus. GST will be an important test to check if the corner has been turned and the business community experiences a perceptible improvement in the ease of paying taxes. The tax authorities both at the central and state levels have to be given the opportunity to work on this and achieve success.

3.4 ICT framework

The shared IT network between the Centre and states is a good feature of GST. First, the Centre and states are sharing the same platform. Second, the public and private sectors are sharing the responsibility to deliver efficient processes. In the income tax area, a shared network already exists, for example at the Centralised Processing Centre (CPC) for income tax returns in Bangalore, as well as in Vaishali near New Delhi. These programmes have performed well.

The challenge in the case of GSTN Network (GSTN) is, of course, deeper since both the states and the Centre are involved and revenue intake has to be correctly released to all of them. Further, all the administrative procedures that are mentioned in this question have to be successfully completed. Preparations have gone well because the government has observed and tested the private sector with an eagle eye.

4 GST POST-INTRODUCTION

It has been over one and half months since the GST regime was introduced. Whether the disruptions experienced in the transition are temporary or reflect the GST's structural flaws will reflect the government's problem-solving agility. One major test will come when the digital backbone, the GST Network, is called on to deal with a large number of simultaneous submissions – but that is awaited sometime in the future. Some improvements are already apparent. Logistics costs may be on the decline. The crossing points between several states manifested in long queues of trucks appear to be dissipating.

4.1 Policy improvement

On the policy side, therefore, GST has the potential to make far-reaching positive changes to the structure of the Indian economy. It may, as time passes and as it is fine-tuned, reduce costs in the supply chain. This would lead to greater efficiency in business decision-making that would actually reflect consumer preferences since relative price signals would no longer get distorted.

4.2 Can GST be an administrative success?

On the administrative side, with a good GST, businesses should find it easier to operate in a level playing field. Ideally, the design of GST should simplify processes for the productive sector and reduce the discretionary powers of tax officials. As good news spreads, GST will attract global investors looking to make genuine investment in India. We have to give GST some time for a full assessment, which perhaps can be undertaken in December 2017 or April 2018, in order to come to an intelligent view on what was achieved and what has to be improved.

4.3 What happens at inter-state checkpoints?

Continued success depends crucially on not only the overall administration of GST but also on what occurs at inter-state checkpoints.

- If, for example, trucks crossing between Karnataka and Maharashtra are invariably checked for alcohol, then the queues will rapidly re-build and the benefit of GST already experienced will be lost. So, an optimal checking model is needed.
- And note that this matter is not one related to octroi or entry

tax, but with the type of checking applied at cross-border points.

- If GST is to achieve global quality levels, governments must keep erring officers in check. To take one example, use of dormant rules against transporters has to be ruled out. Only a transparent, rule-based approach should be employed at checkpoints.
- The possibility of remaining 'entry taxes' apparently used by some urban local bodies should be examined and curbed, as this has the potential to impede the free flow of goods, a main advantage of GST on which the concept was sold to the productive sector.

4.4 Monitoring of small business condition

A movement away from small providers to larger, GST-ready suppliers should occur over the medium to long term. This should steadily formalise the economy. On the other hand, it could negatively affect employment rates since the vast majority of India's employment occurs in the informal sector. If that happens, the government must stand ready to introduce remedial measures; and dissent from labour-intensive sectors such as textiles and steel processing/conversions must be sympathetically considered with a solution in mind. In fact, the government must monitor the situation constantly since one important objective of GST is to make it easier for small businesses to pay tax, and not to push them out of the economy. So far, however, evidence of grave difficulties is anecdotal in the sense that there have been accounts from small businesses of a degree of chaos in GST offices in the first few weeks but there is no report of a systemic failure anywhere.

Nevertheless, dissent against complexity in processes must be taken into account, and not be allowed to linger. The government must be swift in taking corrective action to further simplify compliance requirements and reduce compliance costs. A continuing measure would be a single nodal point to disseminate information about the application of GST and to respond to queries. There are worries that multiple ministries have issued complex and contradictory advisories. Clarity from the authorities is essential for maintaining consistency. Inter-ministerial committees and meetings remain crucial.

4.5 Removing tax uncertainty

It is evident that GST is an imperfect structure, with too many different tax rates, for, in the final analysis, it was a compromise between the Centre and states. Hence, to continue to unlock potential gains from GST, governments at both the state and central levels – as represented in the GST Council – must have a clearer sense of the direction in which modifications to GST need to be made.

There is no doubt that some changes in rates were needed. Hiking cess on bigger cars corrected an anomaly since the earlier CENVAT+excise had not been fully reflected in the new structure. Thus, given the way the GST rates, including the cesses on various goods and services, were calculated, the effective duty rate on bigger cars and SUVs fell from 52-55 per cent in the excise-cum-VAT days to 43 per cent under GST while that on hybrid vehicles above four metres in length rose from around 30 per cent to 43 per cent – to that extent, if the government policy is to encourage the use of hybrid vehicles, this needed to be fixed. This has now been corrected, with the GST Council agreeing to hike the cesses on bigger cars/SUVs, thus restoring the edge hybrid vehicles had in terms of tax rates.

A similar anomaly had led duty rates on cigarettes to come down dramatically post-GST. The GST Council was quick to hike rates and, in the bargain, provided around Rs 5,000 crore extra in the cess account to compensate states in cases of a fall in their revenues after the GST implementation.

However, alterations are being introduced in every GST Council meeting. The 20th meeting of the GST Council, held on 5 August 2017, decided to increase the cess on luxury cars and sports utility vehicles from 15 per cent to up to 25 per cent. This was a necessary modification.

The council also slashed the tax rate for textile subcontracting – 'job work' – to 5 per cent from a high of 18 per cent. Even this could be justified. However, there were other rates changes made on that date as well (Table 2).

Table 2. Changes made at the 20th GST Council meeting on 5 August 2017 (in per cent)

S. No.	Description of service	From	To
1	Job work services in respect of the textiles and textile products	18/5	5
2	Services by way of printing of newspapers, books (including Braille books), journals and periodicals:		
	• where only content is supplied by the publisher and the physical inputs including paper used for printing belongs to the printer.	18*	12*
	• using physical inputs owned by others (including an unregistered publisher/supplier)	18*	5*
3	Works contract services provided to government, local authority or governmental authority and in respect of post-harvest storage infrastructure for agricultural produce, mechanised food grain handling system.	18*	12*
4	Margin/commission payable to Fair Price Shop Dealers by Central/ state governments	18*	Nil
5	Admission to planetarium	28*	18*
6	Rent-a-cab service	Allowed option of 12 per cent GST with full ITC. 5 per cent GST with no ITC will also continue.	
7	Goods Transport Agency Service (GTA)	Allowed option of 12 per cent GST with full ITC under forward charge. 5 per cent GST with no ITC will also continue.	

*with full input tax credit (ITC)

Uncertainty is exacerbated by the continuing rate changes. Thus, goods and services related to the Under-17 Football World Cup were completely exempted. And, for some reason, GST on tickets for entering planetariums was reduced. These types of changes would move GST away from simplicity. The GST Council needs to be cautious about such changes.

Admittedly, the current GST is a work in progress. The structure of the GST Council has been designed so that the GST system can be constantly updated and improved. But the changes made must be in the direction of greater simplicity and facilitating compliance. There should be a high bar for adoption of sector-specific exemptions and rate changes.

The GST Council should focus on examining the problems associated with the actual administration of the tax; if it instead uses its regular meetings to keep changing rates (unless there is a clear anomaly), cesses and exemptions, GST will become less predictable and more prone to abuse than even the previous system. The final objective has to be to reach a smaller number of rates as is the global experience, i.e. the number of rates tends to diminish over years subsequent to introduction. Indeed, the finance minister has informed Parliament that there was scope to merge the 12 per cent and 18 per cent GST rates in future.

It is still early days for GST. So it is to be hoped that smaller changes will not become the norm. And, instead, the impetus towards fundamental simplification – including across-the-board reduction in general GST rates – should begin after the initial phase is completed. This objective to reach a smaller number of rates is the global experience. Indeed, the finance minister has informed Parliament that there was scope to merge the 12 per cent and 18 per cent GST rates in future.

4.6 Hand-holding by the tax administration

One notable aspect of the introduction of GST is the hand-holding that the Customs and Excise Department is doing. The Central Board of Excise and Customs (CBEC) chairperson has been passing on instructions on a weekly basis to the entire officer community and exhorting them to provide the best helpful services possible to GST payers. Caution against wrongdoing and corruption is also a feature in those statements. This is possibly the first such public action in India's tax administration and is a welcome step forward. Recent notices from the 'Chairman's Corner' from the department's website appear in Appendix 1.

5 CONCLUDING REMARKS

GST, in its current form, has been a step up for the Indian tax authorities. There are, however, structural challenges that remain. There also are administrative challenges as well as issues of compliance cost in particular for small taxpayers who have been brought under the GST net. While it is a commendable move to expand the taxpayer base, the move to audit small taxpayers at both central and state levels will tend to increase the compliance burden on such taxpayers.

The authorities have to maintain keen vigilance to ensure tax compliance, passing on benefits from producer to consumer while, at the same time, not burdening taxpayers with additional compliance costs. The need for such perspicacity will be carefully observed by experts and reflected in whether the ease of paying taxes improves with time. And, since GST is known to be a revenue productive tax, the revenue trend of GST will also continue to be of interest to observers who remain alert to India's taxation policy and administration.

To make GST successful, it remains a responsibility also of the taxpayer, in fulfilling his role, to fully comply with the tax. If there are doubts, the department is offering assistance at the field level and this should be taken advantage of. This could represent the greatest opportunity for government-citizen co-operation and it is hoped that the process will reach a proper height of success.

However, the work of improving GST will remain important in the future. Structural deficiencies will need to be eradicated or corrected. The severe aspects of tax administration should be eased. Cases of serious tax evasion should be pursued to the end. And every care should be taken to minimise disputes among the authorities and between taxpayers and the tax administration.

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APPENDIX 1

1. Weekly monitoring of GST implementation by Chairperson, CBEC

- To make the transition of GST smooth and painless for both traders and the general public, it is important to constantly obtain and analyse feedback from the ground level and take corrective measures immediately.
- To ensure that all the grievances/queries received from the trade and general public are attended to on a real-time basis and in case of any issue requiring escalation, the same may be sent to the Feedback and Action Room (FAR) immediately for further necessary action.
- Chairperson has encouraged field officers to send feedback regarding issues faced in the field so they may be suitably looked into and handled.
- Field nodal officers (both central/state) collated feedbacks, and clarifications in the form of press releases are being issued to address those concerns.
- Chairperson holds periodical video conferences to get updates on feedback and issues pertaining to GST. It has been indicated that urgent issues that require intervention at board level may be brought to notice.
- Updating of knowledge base and watching the 'GST ki Master Class' has been indicated to officers and staff.
- 'GST Rates Finder' mobile app has been developed by a department officer and is available on Android/IOS platform for download and use. It features all rates for goods and services based on the rate notifications issued and is a handy ready reckoner for use by one and all.
- Confusion among exporters regarding exports under Bond/Letter of

Undertaking (LUT) without payment of IGST was clarified by the department and any difficulty in implementation of the instructions contained in the circular may be brought by officers to the notice of the Board.[3]

- Notification has been issued which liberalises the conditions for exporters, extending the benefits of LUT to all kinds of exporters, whether manufacturers, merchants or service providers.[4]
- Commissioners of GST and Central Excise have been asked to review the GST Seva Kendras, interact with the trade to address their grievances and issues, and ensure that the trade/common man is not distressed in any way.
- Chairperson has indicated to senior officers that they should ensure impeccable integrity while assessing the taxpayers.
- Chairperson stated that at the end of the second week of GST rollout, no major problems were reported.
- However, on receiving grievances on delays in facilitation of exporters, the Chairperson indicated that it must be ensured that every exporter, whether registered in Central Excise or Services Tax in the pre-GST regime, should be facilitated to the maximum extent possible. Every Assistant/Deputy Commissioner has been made aware of the intent and objective of the government on this issue.
- On 26 July 2017, the Commissioner (GST), CBEC, circulated a detailed note on all such export-related issues which may be gone through thoroughly and complied with by all officers and staff dealing with export issues.

2. Minimising litigation

- On the GST awareness front, it has been indicated that efforts should continue with the various outreach programmes with the same fervour as before the rollout to ensure continued education amongst trade, industry and the general public.
- Litigation in the department is a matter of grave concern.
    - (a) Around 93.27 per cent of the departmental cases identified for withdrawal from the High Courts and the Customs, Excise & Gold (Control) Appellate Tribunal (CESTAT) have been withdrawn so far.
    - (b) The Chairperson has emphasised that a concerted effort needs to be made to ensure that 100 per cent of the cases identified for withdrawal are positively withdrawn within a precise timeframe.
    - (c) All Commissioners will monitor disposal of pendency of Commissioner (Appeals) to ensure that all legacy cases are disposed of by 31 December 2017.

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3 CBEC, Circular No. 4/4/2017-GST dated 7th July, 2017.

4 CBEC, Notification No. 16/2017- Central tax dated 7th July, 2017

(d) In this regard, a detailed guideline is being issued which should be followed strictly.

3. Disseminating information

- All Commissioners have been asked to share success stories and best practices in GST implementation in various zones, which can be replicated throughout the country.
- Officers are publishing articles in journals and newspapers regarding implementation and impact of GST. This will provide the reader with some clarity on several issues and also act as a part of the outreach campaign.
- The GST West Delhi Commissionerate has come up with its own website, as it is a one-stop information centre for the assessees.
- Commissionerates can adopt this in their respective commissionerates, if not already in place. Once in place, the websites must be regularly updated and upgraded.

4. CBEC notification on final timeline for filing tax returns for July-August

- Over 71.30 lakh excise, service tax and VAT payers have migrated to the GSTN portal and over 15 lakh new assessees have registered on the platform.
- In the interim period, businesses have to file GSTR-3B, which is a summary of self-assessed tax liabilities with consolidated details of outward supplies and input credit.
- Regarding GSTR-3B, the GST Network portal has started the facility for filing of July returns from August 5. The last date for filing the GSTR-3B for July 2017 is August 20, while the same for the month of August 2017 is September 20.

Table A1 Final timeline for filing of tax returns (July-August)

Forms	Original date for filing return	New dates for filing return	
		For July month	For August month
GSTR-1	10th of next month	September 1-5	September 16-20
GSTR-2	15th of next month	September 6-10	September 21-25
GSTR-3	20th of next month	September 11-15	September 26-10

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