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Will today's GST Council meet resolve tiff over sharing administrative powers?

The GST Council meeting is likely to be the last before the Union budget and is expected to announce the roll-out date

The Centre and the states will meet on Monday to find a solution to the contentious issue of sharing of administrative powers under the goods and services tax (GST).

The ninth meeting of the GST Council chaired by finance minister Arun Jaitley, which will happen at noon on Monday, is likely the last before the Union budget and is expected to announce the rollout date of GST.

Finding a middle path to this issue will go a long way in finalizing the rollout date for this ambitious tax reform. The government was targeting to roll out GST from 1 April 2017 but with a delay in finalising supporting legislations, it is likely the deadline will be missed.

“The hopes are high of a breakthrough since the Union finance minister was very insistent that a meeting should take place quickly despite reluctance of some states due to the assembly elections. It remains to be seen who will yield to the other's demands,” said a person familiar with the development.

States like Tamil Nadu, West Bengal and Kerala are seeking administrative control over all taxpayers who have an annual revenue threshold of less than Rs1.5 crore and equal division between the Centre and the states for those above this level. The Central government is unwilling to yield to this demand as it will leave it only a small taxpayer base of around 7 lakh to administer. The other option being discussed is to only divide the small pool of taxpayers that are likely to be audited under the GST.

Resolution of this issue will be crucial to finalize the integrated GST bill that deals with taxation of inter-state movement of goods.

After the end of the last meeting, Kerala finance minister Thomas Isaac had expressed hope that the Centre may soften its stance on this issue, citing its conciliatory stance on some other issues like the powers of taxation of states in territorial waters.

The issue of taxation powers of states to levy taxes in territorial waters up to 12 nautical miles is also set to be discussed in the meeting on Monday after it was referred to the law ministry for legal opinion in the last meeting.

REFERENCE

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