

GST on the table

The [GST council](#) has taken all the necessary steps and action for a successful [GST implementation](#) in India. The team is working hard to roll out the GST Bill from 1st July, 2017. However, the classifications of goods to accommodate rates is still under consideration which is expected to be finalized in the month of March, 2017. This is a major challenge for the council to classify the goods and services to fix the rates corresponding to each classification, which need to be agreed by all the states and country as a whole. To roll out the GST from 1st July, 2017, this rates and classification of goods and services need to be finalized. Few days before the GST Council has passed the IGST and CGST bill. So it is quietly expected that the GST bill will roll out from 1st July, 2017. The states and Union Territory needs to pass the SGST and UTGST bill.

A good GST will lead to the major economic benefits and it will lead to smooth running of business all over India without any hassles as One India One Tax for Indirect Taxation in India.

GST will be comprising of SGST, UTGST, CGST, IGST. GST is like single tax unlike the existing system. From indirect taxation perspective this will create a single market.

GST council has approved four rates: 5%, 12%, 18% and 28%, At the same time there may be exempted category for both goods and service in the final bill. Essential commodities may be kept out of tax perspectives. The GST council will release the tax rates of different goods and services with respect to its classifications.

There is a big question on the tax rates on the luxury products as well on the demerit goods like tobacco and paan masala. There may be chances to introduce cess on some commodities. In this case the cess portion will not be shareable if it's imposed by State and Union territory. Some luxury and other selected commodities are expected to bear cesses which will not be shareable. If commodities bearing cesses are treated as a separate group and if there will be zero rated tax, then the number of rate will be five or six.

India will be having multiple tax rates in dual GST mode of taxation, unlike single tax for all goods and services. Is there any benefit, had we gone for single rates for all goods and services? All are having pros and cons whether it is single rate or multiple tax rate under GST.

I will like to highlight one point here, the merit of a single rate is that tax evasion will be difficult by the business persons. This can be easily tracked if there is single rate as all the transactions are to be declared under sales and also all the transactions will be tracked with electronic mode. Multiple rates for different types of goods and services also will be very effective if the classification of goods can be simplified and as per the requirement of common people of India.

People will try to classify the commodity to the lower rate slab if there will be ambiguity in the classification of the goods for the tax purpose. This will create tax disputes and tax evasion and it will lead to unfair practice in the system. Take an example of packaged water. Whether this will be treated as Packaged water, or bottled water, or under essential commodities.

What will be the revised price of the products under the GST after applying the revised rate. Whether the Govt will classify the goods and rate to keep the price intact. Or there will be huge variation in the pricing of the product in comparison to the existing pricing system. The people will feel difficulties if there will be a major change in the pricing. There is possibility to keep those goods which are for daily use and essential commodities out of tax or to classify under exempted category. If this is the case then how it will affect the economic growth, how to balance the growth as well as tax collection, whether the Govt will increase rate for some of the commodities by classifying the goods to higher tax slab from existing lower rate.

- [Demystifying supply as per revised model GST law](#)
- [Outward Supplies in GST](#)

Source courtesy:caclubindia.com