

Role of Goods and Services Tax Council under Goods and Services Tax regime in India

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Abstract: After introduction of the Goods and Services Tax in India, many changes have been taken in the indirect tax system. The tax base has drastically increased by increasing the number of taxpayers and number of economic activities are comes under the tax bracket. Goods and Services Tax is administered by the separate council are called 'GST council' headed by central finance minister and ministers of the each states are representing the members of GST council. Aim at deciding the Goods and Services Tax rate of the various commodities, Decision measures towards disputes of central and state governments regarding distribution of central revenue are the major problems in the council. After implementation of Goods and Services Tax, the council was conducted 37 rounds of meeting with a lot of outcomes, it has to speed up their administrative machinery to access the problems of Goods and Services Tax from the entire angle to make Goods and Services Tax will be successful in the history of Indian tax system. This paper focused on the importance of GST council in the current scenario and Role of GST council towards rate fixing on product and Services. Finally authors conclude that Goods and Services Tax council must take care and bring the rules and the profit of the GST must transfer to the final consumers.

Keywords: GST Council, GST Meetings, GST Rate.

Date of Submission:26-10-2019

Date of Acceptance:11-11-2019

I. Introduction

India adopted Goods and Services Tax on 1st July 2017 subsumed several indirect taxes. Such as, Value added Tax, Excise duty, Central surcharge, Entertainment tax, Luxury tax and many more central and state taxes. Mr.Kelkar and many more committees put positive stepladder to implement the Goods and Services Tax in India, the idea of Goods and Services Tax was first thought by the Ex-Honourable Finance Minister Mr. P. Chidambaram in his Budget Speech of 2006-07 said: "In the medium to long term, it is my goal that the entire production distribution chain should be covered by a national Value added Tax, or even better a Goods and Services Tax, encompassing both the centre and states."¹ Really it's appreciable and we are delighted that India is the 166th nation has successfully adopted a new tax reform.

Goods and Services Tax as per the amended Article 366 (12A) of the constitution of India, "GST" means any Tax on supply of Goods, or Services of both except taxes on the supply of alcoholic liquor for human consumption. In other words, GST means 'A comprehensive, destination based indirect tax levy on supply and consumption of Goods and Services'². Goods and Services Tax is administered by the separate council are called 'GST council' headed by central finance minister and ministers of the each states are representing the members of GST council. Deciding the Goods and Services Tax of the various commodities, Decision measures towards disputes of central and state governments regarding distribution of central revenue are the major problems in the council.

Government encompass 'one Tax one Nation' has been successfully functioning in current days. As per the new indorsed information provided by the central government says quarter indirect tax income is substantially increasing in the year 2018-19. But during the year 2019-20 suddenly recessions are took place and entire production industries becomes absolute and facing huge loss so, in these situations the Goods and Services Tax Council should take necessary economic measures to improve the production sector. Nation believes in 21th century Goods and Services Tax reform will create smooth market and boost economic development of the country.

II. Review of Literature:

Literature is required for strengthening the study for any research paper. After implementation of GST in India only few research papers carried out towards Role of Goods and Services Tax. Hence the following below research papers were helpful to conduct further research towards the Appraise of Goods and Services Council in India.

Sacchidananda Mukherjee (2019)³ in his working paper series “InterGovernmental Fiscal Transfers in the presence of Revenue Uncertainty: The case of GST in India” mentioned about the 32nd meeting of the Goods and Services Tax Council (held on 10/1/2019) it is decided to extend annual turnover limit for GST registration under composition scheme from 1 crore to 1.5 crores and allowed annual return submission, they will continue to pay taxes on a quarterly basis, the tax rate of the composition scheme has been reduced from 2 percent to 1 percent, Tax rate of composition of services extended up to 50 lakh with composition rate of 6percent and also Goods and services tax threshold limit extend from 20 lakh to 40 lakh.

Central Board of Indirect Taxes and customs (2019)⁴ in its Government Report “Goods and Services Tax concept and status” clearly mentioned that Goods and Services Tax Council was judicial in nature; this was challenged because its powers would override the supremacy of parliament and the state legislatures. The GST council may decide about the modalities to resolve disputes arising out of its recommendations.

National Academy of Customs, Indirect Taxes and Narcotics (NACIN)⁵ **2019** have stated that GST council made a decision that a refund mechanism of IGST paid on Imports by the specialized agencies operationalized. Therefore, on this principle of parity, specialized agencies ought to get a refund of the IGST paid on imported goods. The GST rate on all “Electric Vehicles” and “charger or charging stations for Electric vehicles” reduced to 5 percent and Electric Vehicles shall also include E-Bicycles.

Dr. HC Mehrotra and Prof VP Agarwal (2018)⁶ Stated in their book “Goods and Services Tax” that Goods and Services Tax Council will act merely as guidance to the union as well as to state Governments. The parliament as well as the state legislatures will be free to exercise their powers since the Goods and Services Tax would be levied through separate central and state legislations. Apart from that authors, include causes and impact of GST on economy in India.

Dr. Pragya Dixit (2018)⁷ revealed under her article “Impact of GST in Indian scenario”, about the consequences of the GST for the economy and impact of GST on various sectors. Further author specially says about E-commerce, that several e-commerce companies could not be sent in some states due to state restrictions and fines. In fact they make e-commerce activities more difficult. Now with the imposition of the GST will be transformed into an internal market.

Laxmi B and Rebecca J Alex (2018)⁸ were entitled “Effect of GST Rate Announcement on sectoral Indices of NSE”, authors conducted this study with the help of daily closing prices of various sectoral and thematic indices, considered investors reaction on the return of sectoral and thematic index with respect to the announcement of GST rates to check if there exists any abnormal returns during the events. So, the authors concluded that the sectoral indices of NSE were impact from the GST rate announcement of the Government.

Dr. BanamaliNath (2017)⁹ in his article “Goods and Services Tax: A milestone in Indian economy” examines the impact of Goods and Services Tax on Indian economy along with its benefits. It is noteworthy to mention that Goods and Services Tax will give India a world class tax system by grabbing different treatment to manufacturing and service sector. Before implementing Goods and Services Tax reforms in India, Government should educate taxpayers by bringing public awareness programme, workshops, Trainings and various seminars on Goods and service Tax must be conducted in all respective state governments.

Sathpulpuliani and MA Maniyar (2016)¹⁰ mentioned in their book “Glimpse of Goods and Services Tax” the process and function of Goods and Services Tax council based on the design of Goods and Services Tax Law almost this council constituted under Article 279A of the constitution of India and this council suggest the suitable Goods and Services Tax Rate to the commodities and also solve the problems arises between the states.

III. The Objectives of the Paper are:

1. To study the importance of Goods and Services Tax council in India.
2. To analyse the role of GST council in deciding the price of the selected commodities.

3. To appraise the role of Goods and Services Tax Council in settling Goods and Services Tax in Indian tax system.
4. To suggest measures to strengthening of Goods and Services tax in Indian tax system.

IV. Research Methodology

The present research work is initiated on the basis of secondary data. The methodological aspects of this research work are exploratory in nature; the comprehensive secondary data were engaged from government gazettes, National and International Articles, conferences, books, thesis. And also simple statistical tools are applied for data interpretations such as tables, percentage are incurred.

V. Background of Goods and Services Tax Council:

An empowered union committee was set up by the early ex- Prime Minister Shri Vajpayee in 2000 to streamline the GST model. On 29 March 2017, CGST Bill, IGST Bill, UTGST Bill and GST compensation law passed in Lok sabha. There after state legislatures of different states have passed respective state Goods and Services Tax Bills. After the enactment of various GST Laws, Goods and Services Tax was launched with effect from 1st July 2017 to the entire nation by Honourable prime minister of India.

The constitution Bill (122nd amendment) 2014 was introduced in the Lok sabha by the finance minister of India on 19 Dec 2014, and passed by the house on the 6th may 2015. In the Rajya sabha the bill was referred to a select committee, then report on the GST bill submitted by the above committee on 22 July 2015, the bill was passed by Rajya sabha on 3 august 2016 and the amended bill was passed by the Lok sabha on 8 august 2016. And the same after ratification notified in the Gazette of India on 8 September 2016 the same date.

Anyway Goods and Services Tax Bill introduced in the year 2017 by Government of India and the following Acts are involved in GST Bill.

1. CGST Act 2017: This Act have a provision for levy and collection of tax on intra state supply of Goods and Services or both by the Central Government and for matters connected therewith. This Act called the Central Goods and Services Tax Act 2017. It extends to the whole of India.
2. SGST Act 2017: This Act have a provision for levy and collection of tax on intra state supply of Goods and Services or both by the Central Government and for matters connected therewith. This Act called the State Goods and Services Tax Act 2017. It extends to the whole of India.
3. IGST Act 2017: This Act has a provision for levy and collection of tax on interstate supply of Goods and Services or both by the Central Government and for matters connected therewith. This Act called the Integrated Goods and Services Tax Act 2017. It extends to the whole of India.
4. UGST Act 2017: This Act have a provision for levy and collection of tax on intra state supply of Goods and Services or both by the Union territories and for matters connected therewith. This Act called the Central Goods and Services Tax Act 2017. It extends to the union territories of the Andaman and Nicobar Islands, Lakshadweep, Dadra, and Nagar Haveli, Daman and Du, Chandigarh and other territories of India.
5. The GST compensation to states Act 2017: These acts provide for compensation to the States for the loss of revenue arising on implementation of GST. It extends to the whole of India.

VI. Structure of Goods and Services Tax Council:

Goods and Services Tax council is enacted according to 101 constitution amendment, Goods and Services Tax Council is a joint forum having ministers from both centre and state represent as a members of GST Council. This is assigned giving power to make decisions in the meeting, according to article 279(1) of the amended Indian Constitution.

The members of the GST Council are:

- Chairperson- Central Finance Minister
- State union Ministers (In charge Finance and Revenue Department)
- State Government nominated Ministers
- Finance and Taxation In charge ministers of State and Central Government

The GST council managed by secretariat and officers are deputized from State and Central Government. About GST Council has its headquarters in New Delhi and inclusive of centre board of indirect taxes of customs (CBIC) as its permanent nonvoting invitee chairperson to all its proceedings. It is a body or committee taking key decision related to changes in GST, proposal and decisions related to GST, Decisions related to GST rates, tax deadlines, tax exemptions, tax laws and special provisions for some states. Cabinet provides recurring and non-recurring funds for meetings and expenses of the GST Council secretariat.

Goods and Services tax Council create the following posts for his secretariat they are:

1. GST as created a post for its Additional secretary, and four posts for commissioner in its secretariat.

2. Appointed officers from both central and state Government will be taken on deputation by the GST council secretariat.

Functions of Goods and Services Council:

Goods and Services Tax Council will recommend the central Government on the following matters. They are:

1. Details of Goods and Services which are to be taxed or exempted from Goods and Services Tax.
2. Providing threshold limit for exemption of Goods and Services.
3. Fixing special rates at the time of natural calamities
4. Giving special provisions to the states
5. Governing the principle of levy of Goods and Services Tax and the principles governing the place of supply.

Goods and Services Tax council is sole independent and having so much responsibility and liberty to take decisions on various matters such as Rate of commodity, Revenue distribution of states are the major problems are discussed through conducting regular meetings and suggest the Central Government to put in to force.. Each member of this council have similar responsibility and liberty to suggest council and co-operate in the process of decision making by attaining regular meetings held by the council in various places of the country. Up to the end of March 2019, approximately 35 meetings were successfully conducted by the Goods and services Council. But again council held further meetings in 2019, because many more industrialists, dealers, consumers and public and also the ministers of state Government who are representing council they are also looking and expecting some changes should be in GST rates of the commodities. Especially in case automobile and textile industries it's urgent because many more people are losing the jobs due to recession took place in the recent year 2019.

Goods and services Tax council is a problem solver and economic booster. The aim of this council has to take proper decision about the tax rate of commodities and elucidate the problems and suggest Government to put into action. The process of decision making is depending on the members who are present at the time of meeting held by the council. Due to some administrative problems still some decisions are pending like what they are mentioned earlier, that some of the commodities are excluded from Goods and Services Tax at the time of new tax Reforms were incorporated that must be included, it may help to the society especially in next GST Meeting the agenda should be include petrol and diesel under GST. So, its seeing like might be council is miscarry in decision making and its interruption.

Importance of Goods and Services Tax Council:

The following are the importance of Goods and Services Tax council towards functioning of Goods and Services Tax in India.

1. **Goods and services Tax council is sole Independent and Decision maker:** the aim of this council is looking to solve the entire problems related to the administration of Goods and Services Tax India and it is to be undertaking successfully up to today. Hence GST council is sole independent body in fixing the GST rate on the various Commodities which are trading in India.
2. **Fixing GST Rate:** Another important function of this council is to fixing the GST rate to the various commodities and services according to the suggestions from the members of the council of the respective Government.
3. **Dispute settlement body:** it is also playing a major role whenever disputes arise from the states towards settlement of CGST and IGST revenue and administration problems of GSTN are solved by the Goods and Services Council. So, hence its further saying it's a superior organized dispute settlement body.
4. **GST Council Meetings lays down laws and principles governing:** GST meetings took decisions towards place of supply of Goods and Services, Threshold limits for tax exemptions, Goods and Services exempted from tax, Applicable GST rates of Tax, Cess and Surcharge on Goods and Services etc. Goods and services Tax Council further governing special GST rates and provisions for some States, Special GST rates during natural and unnatural disasters, so as to raise additional resources, GST law, levy principles and IGST apportionment also laid down by the council.
5. **GST Council is Dynamic :**The GST council looking not only today it is also plans for the future, that means council thinking to setup careening committee for anti-profiteering so as to strengthen the national Anti-profiteering authority under GST. Hence authors say Goods and Services Tax council is a dynamic in nature.

VII. Some of the major Findings

1. Goods and Services Tax council is established according 101 constitutional amendment of India and establish a mechanism to adjudicate disputes between the states ie., the problem occurs between the states regarding distribution of revenue of IGST and this matter will be solved by Goods and Services Tax council

by conducting regular meetings among the members of the States and Central Government and finally recommend the Central Government to take a necessary decision for incorporation.

2. GST Council insists Taxes, cesses and surcharge levied by the centre, state and local body which subsumed under GST. It is also important that Goods and Services Tax are subsumed by all centre and states indirect taxes, this helps to the manufacturers, Dealers and consumers to pay double taxation, paying numerous Taxes. Getting benefits of Compressive input tax credit and threshold limit and finally these things are made trade relaxed.
3. GST council mentioned below threshold limit of turnover Goods and Services Tax is exempted. As per the recent decision of GST Council most of small traders will get the benefit of threshold limit up to 40 lakh from 20 Lakh. Really it's an appreciable decision taken by the council, people from the below poverty level and young entrepreneurs were looking to do a good business for them and also for the economic development of the country requires creation of jobs for that purpose people of India and small traders always desire about this decision done by the council, but it has been different experiences in the economy.
4. The GST council mentioned Special rates for a specified period to raise additional resources during natural disasters. Natural disaster uncontrollable fact which cannot be in the hands of human beings and all the people are known what happens when the floods or drought are anything occurs. There is a necessity of renovating their life by reconstruction of their shelter and providing financial benefits to them by the Government for that matter Goods and Services Tax Council insist this special rate it will not serve the objective of GST slogan "One Nation One Tax"
5. GST council states all Luxury commodities rates should be either 12 percent or 18 percent. Former Ex - finance minister Late Arunjaitly was also says in the beginning of early 2019, in shortly all the product and services rates in between 5 percent to 18 percent. Especially dealers and all manufacturers are getting a lot of benefits like payment of tax will be reduced, and trade will be increasing ultimately sales proceeds comes to a good position. The GST Rate was also helps the consumers to pay high tax and the standard of living of them comes to a great position.

VIII. Some of the Major Suggestions

1. Require simplification in procedure: GST Council has deliberate, taking a decision and resolve the issue on problems of fixing up of commodities and Services GST rates are doing well by council. But along with these amendments required in law, simplifications in procedures are necessary towards Return filing, E invoicing and Refund as per the expected time limit.
2. Required Cooperation and Support: Co-operation and support is necessary for any matter in case of GST council is not up to the mark. Because the support and cooperation from the opposite leaders of the political party and from the State Governments also is not good. For instance, from the beginning the opposite Parties leaders are not happy with the policy and procedures of Goods and Services Tax saying its burden to the economy. As public knows council working independently and taking decisions is applied for the whole business. But still people are struggling to adjust to new reform, because they are facing lot of problems in their trade and looking further support from the Government. In this situation instead of blaming by the opposite party leaders and the members of state Government against Goods and Services Tax, the council must modify whatever required.
3. The Council also accepted some suggestions from the public's but still there is a lot of support and cooperation is required from the various corners of the society, political parties and also from the entire business class people for further improve the decision making process to the expected and desired level.
4. Economic GST Rate: Many more sectors are working in the entire country and them always looking cheaper and economic tax rate. In India the Goods and Services Council also looking to provide economical tax rate to the commodities and Services. For instance, recently the GST Council in his 31 meeting GST rates for 23 commodities is revised. Still some commodities require less GST rate especially in case automobile industry and clothing industries. Because during the year 2019 coincidentally there sales are decreasing and many more employees are under threat.
5. In India majorly of the people are less income holders and their occupation is agriculture. So, for the sake of economic development of the country more or less council should adopt suitable and moderate tax rate for the commodity and Services to meet the requirements of the below and above middle class people in the economic system.
6. GST Rates are comprehensive and appropriate: Goods and services tax is different from nation to nation and some developed countries putting high tax rate some are less and zero tax rate. In case of India Goods and Services Tax rates are in the form of 0, 12, 18 and 28 percent. So, it's not to a large extent, it is comprehensive and appropriate, that means compared to early indirect tax rate most of the commodities and services GST rates are in the group of 12 and 18 percent. Recently finance ministers of India saying in future GST rates come down to 12 percent, if it happens it's definitely its ready to lend a hand to everybody.

7. GST Rates are flexible:only for authentication Government of India and GST council detained GST rate for commodities and services at the beginning. But now its modifying by council and in future also tax rate may come down to 12 percent says finance minister of India earlier. That means currently GST Rates are not constant it's flexible and inconvenient. So, manufacture, dealers, and publics are looking constant and convenient tax rate, hope shortly council and Government of India will moving on the same way.
8. Encourage the manufacturing sector: Especially council should give more importance to the manufacturing sector, because this sector facings problems like investment, sales decreasing, job cutting, etc. Due to recession occurs during the year 2019. Regarding this matter Managing Director and CEO of Tata Motors says " in order to get out of the current crisis, we require clarity from the government, here and now, on GST and scrap page policy", So, through providing accessible tax rate to this sector definitely they put the effort and increase their sales and get the huge profit. This may help to increase the GDP and living standard of the people of the country.
9. Encourage the Services Sector: this is also a major sector in the country providing huge income to the Government in the form of banking, insurance, hotel industry, entertainment, sales before and after service etc. Especially in the case of banking services people paying 18 percent GST rate in case of personal loans, home loans and car loans again there is necessity that that rate should be reduced up to 12 percent it may positively impact on customer and they may get more loans. So, Goods and services tax council should look forward this sectors took proper and sufficient decision towards tax rate with this to encourage services sector to provide a lot of service to the society ultimately this may boost the economic development of the country.

IX. Conclusion

In an era of Goods and Services Tax, the GST council is a mentor to suggest and modify new GST rate on the various commodities of the country. But delay in decision making might be cause ineffective to dealers, manufacturers, industrialists and the general public. Compared to the earlier indirect tax reforms, the current price of the various commodities of GST Rates are supreme appropriate and compressive. But, there is an essence of reduction in Tax rate in case of automobile and textile industries. Because these industries are struggling from losses due to the recession occurs during the year 2019. so, it is a duty of a GST Council to boost these industries by reducing GST rates up to 12 percent, it may help to the manufacturers, dealer and to the whole public .

Any way GST is still in the beginning stage for the sake of economic development and to make GST must settle in the Indian economic step. GST council requires an additional time to make decision. People of India and Non- residing people looking GST council will take a necessary decision towards the GST Rate which may not be a burden to them. The council must take care and bring the rules the profit of the GST must transfer the final consumers. Finally authors says and also hopes in few years Goods and services Tax will bring the nation at top and anticipate nation will boost up shortly.

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*Dr.M.Kumaraswamy. "Role of Goods and Services Tax Council under Goods and Services Tax regime in India". IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 11, 2019, pp. -15-20