

# A WASTED CHANCE: THE HINDU EDITORIAL ON THE DECEMBER 17, 2022 GST COUNCIL MEETING

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Convened after a gap of six months, the [Goods and Services Tax \(GST\) Council on Saturday](#) cleared what officials called a 'pathbreaking' move to decriminalise certain offences by taxpayers, with a higher 2 crore threshold for initiating prosecutions, except in cases involving fake invoices. Aimed at reducing disputes and chances of tax payer harassment when the stakes are not too high, these changes will take time to materialise. The Centre intends to introduce these changes in the Finance Bill of 2023-24 to be presented on February 1, 2023, and State legislatures will have to amend their respective GST laws too. While industry believes the prosecution threshold could have been raised further, there is greater disappointment that the GST Council side-stepped the broader solution to deal with rising GST disputes — the long-pending move to set up appellate tribunals as envisaged at the launch of the new indirect regime five and a half years ago. To be sure, a report with recommendations on the functioning of these tribunals submitted by a group of ministers of the Council was part of this meeting's agenda, but for now, such disputes will continue to clog High Courts.

The Council took up a handful of other items — a 5% levy on husk of pulses used as a cattle feed input was scrapped, while the tax rate on items such as Fryums and Sports Utility Vehicles was 'clarified'. These minutiae apart, the larger takeaway is the outcomes not pursued — including the tribunal proposal, virtually half the agenda was abandoned and discussions were curtailed to a little under three hours. Finance Minister Nirmala Sitharaman said this was done as some States' representatives had other 'committed business' to attend to. This is most surprising as the December 17 date was notified well in advance. It is not clear if some States, otherwise vocal about their pending GST dues and reforms to improve their revenue share, sought any rescheduling, if the said Saturday did not suit them. Ostensibly, some State Finance Ministers are busy formulating their Budgets for the coming year, but the Union Budget preparations did not hold back Ms. Sitharaman from making time for this critical dialogue. This almost casual approach of some States towards the apex GST governance mechanism, not only means delays in efforts to plug tax leakages in the tobacco and Gutkha business, or fix the tax for the booming online gaming business but also bodes ill for the effectiveness of the Council. Taxpayers deserve more than such *ad hoc*, half-hearted, half-day deliberations with insipid outcomes.

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