

Over 50 products cheaper as GST Council slashes rates

Relief for consumers:Piyush Goyal with Delhi Deputy Chief Minister Manish Sisodia and Finance Secretary Hasmukh Adhia at the GST Council meet in New Delhi on Saturday.PTIPTI

The Goods and Services Tax Council, at its 28th meeting on Saturday, reduced the rates on more than 50 products, including sanitary pads, small televisions, washing machines, and refrigerators. The council also simplified the return filing process for small businesses.

While GST on sanitary pads was cut from 12% to zero, rakhis were exempted from the tax, Finance Minister Piyush Goyal told presspersons here.

Small televisions, washing machines, fridges and kitchen appliances such as mixers and juicers have their tax rates slashed from 28% to 18%.

“Out of the 49 items currently taxed at the highest rate of 28%, rates on 17 have been reduced to 18%,” Pratik Jain, partner & leader, indirect tax, PwC, said in a note. “Tax rates on white goods, including small television (about 27 inch), refrigerators, washing machines, water coolers, vacuum cleaner, mixer, juicer, etc. have been reduced.”

Manufacturers' welcome

Consumer-durable makers welcomed the government's move, saying it will help domestic manufacturing and create more employment opportunities, the Consumer Electronics and Appliances Manufacturers Association said.

“This is a welcome move by the government which has come at an opportune time, when we are just about to prepare ourselves for the upcoming festive season,” said its president, Manish Sharma.

The council also approved a simplified return filing mechanism wherein all taxpayers, excluding small taxpayers, will now file one monthly return with two main tables — one for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier.

Tax filers with an annual turnover of less than Rs. 5 crore a year need to file returns on a quarterly basis while paying tax on a monthly basis. Finance Minister Piyush Goyal said the modalities of this would be laid out by the GST Network.

This quarterly filing provision would exclude small traders making only a B2C supply, and those making a “B2B + B2C” supply. For such taxpayers, simplified returns have been designed, called Sahaj and Sugam.

“Segregation of the returns for B2B and B2C categories together with the need to file returns once in a quarter for smaller businesses will improve compliance and expand the tax base,” M.S. Mani, partner at Deloitte India, said.

“The broad-level reductions could lead to lower tax collections for the next few months, but will lead to volume expansion which could more than make up for the reduction especially as we are headed towards the festive season,” he said.

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