

# After 17-year roller coaster ride, GST to become reality on July 1

**NEW DELHI, JUNE 30 /--** After 17 tumultuous years, a nationwide Goods and Services Tax (GST) will rollout from Friday midnight, overhauling India's convoluted indirect taxation system and unifying the \$2 trillion economy with 1.3 billion people into a single market.

GST, which will replace more than a dozen central and state levies like factory gate, excise duty, service tax and local sales tax or VAT, is India's biggest tax reform in the 70 years of independence and will help modernise Asia's third largest economy.

**Here is a look at the timelines that shaped one nation, one tax system**

- \* **FEBRUARY 1986:** Finance Minister Vishwanath Prasad Singh proposes a major overhaul of the excise taxation structure in the budget for 1986-87.
- \* **2000:** Prime Minister Atal Bihari Vajpayee introduces the concept, sets up a committee headed by the then West Bengal Finance Minister Asim Dasgupta to design a GST model.
- \* **2003:** The Vajpayee government forms a task force under Vijay Kelkar to recommend tax reforms.
- \* **2004:** Vijay Kelkar, then advisor to the Finance Ministry, recommends GST to replace the existing tax regime.
- \* **FEBRUARY 28, 2006:** GST appears in the Budget speech for the first time. Finance Minister P Chidambaram sets an ambitious April 1, 2010 as

- deadline for GST implementation. He says the Empowered Committee of finance ministers will prepare a road map for GST.
- \* **2008:** Empowered Committee of State Finance Ministers constituted.
- \* **APRIL 30, 2008:** The Empowered Committee submits a report titled 'A Model and Roadmap Goods and Services Tax (GST) in India' to the government.
- \* **NOVEMBER 10, 2009:** Empowered Committee submits a discussion paper in the public domain on GST welcoming debate.
- \* **2009:** Finance Minister Pranab Mukherjee announces basic structure of GST as designed by Dasgupta committee; retains 2010 deadline.
- \* **APRIL 27, 2009:** Finance Minister Pranab Mukherjee defers GST to April 1, 2011.
- \* **MARCH 22, 2011:** UPA-II tables 115th Constitution Amendment Bill in the Lok Sabha for bringing GST.
- \* **MARCH 29, 2011:** GST Bill referred to Parliamentary Standing Committee on Finance led by Ashwath Sinha.
- \* **Asim Dasgupta resigns,** replaced by the then Kerala Finance Minister KM Mani.
- \* **NOVEMBER 2012:** Finance Minister P Chidambaram holds meetings with state finance

- ministers; decides to resolve all issues by December 31, 2012 for GST rollout.
- \* **FEBRUARY 2013:** Declaring UPA government's resolve to introducing GST, Chidambaram in his Budget speech makes provision for Rs 9,000 crore to compensate states for losses incurred because of GST.
- \* **AUGUST 2013:** Parliamentary standing committee submits report to Parliament suggesting improvements on GST. GST Bill gets ready for introduction in Parliament.
- \* **OCTOBER 2013:** Gujarat Chief Minister Narendra Modi opposes GST Bill saying state would incur losses worth Rs 14,000 crore every year due to GST.
- \* **2014:** GST Bill cleared by Standing Committee lapses as Lok Sabha dissolves. P-led NDA government comes to power.
- \* **DECEMBER 18, 2014:** Cabinet approves 122nd Constitution Amendment Bill to GST.
- \* **DECEMBER 19, 2014:** Finance Minister Arun Jaitley introduces the Constitution (122nd) Amendment Bill in the Lok Sabha; Congress objects.
- \* **FEBRUARY 2015:** Jaitley sets April 1, 2016 as deadline for GST rollout.
- \* **MAY 6, 2015:** Lok Sabha passes GST Constitutional Amendment Bill.
- \* **MAY 12, 2015:** The Amendment Bill presented in the Rajya Sabha.
- \* **Congress demands the Bill** be sent to Select Committee of

- Rajya Sabha; demands capping GST rate at 18 per cent.
- \* **MAY 14, 2015:** The GST Bill forwarded to joint committee of Rajya Sabha and Lok Sabha.
- \* **AUGUST 2015:** Government fails to win the support of Opposition to pass the bill in the Rajya Sabha where it lacks sufficient number.
- \* **JULY 2016:** Centre opposes capping GST rate at 18%; gets states around.
- \* **AUGUST 2016:** Congress, BJP agree to pass the Constitution Amendment Bill.
- \* **AUGUST 3, 2016:** Rajya Sabha passes the Constitution Amendment Bill by two-thirds majority.
- \* **SEPTEMBER 2, 2016:** 16 states ratify GST Bill; President Pranab Mukherjee gives assent to the bill.
- \* **SEPTEMBER 12:** Union Cabinet clears formation of GST Council.
- \* **SEPTEMBER 22-23:** Council meets for first time.
- \* **NOVEMBER 3:** GST Council agrees on four slab tax structure of 5, 12, 18 and 28% along with an additional cess on luxury and sin goods.
- \* **JANUARY 16, 2017:** Jaitley announces July 1 as GST rollout deadline. Centre says contentious issue of dual control and taxing rights on goods at higher rates will be resolved.
- \* **FEBRUARY 18:** GST Council finalises draft compensation bill providing to make good any revenue loss to states in first five years of GST rollout.
- \* **MARCH 4:** GST Council approves CGST and Integrated-



Union Finance Minister Arun Jaitley at GST Midnight Conclave organised by India Today, in New Delhi on Friday.

- Territory GST (UTGST).
- \* **MAY 18:** GST Council finalises over 1,200 goods in one of the four tax slabs of 5, 12, 18 and 28%. Over 80% of goods are mass consumer items either exempted or taxed under 5% slab.
- \* **GST Council fixes cess on luxury and sin goods to create for compensating states.**
- \* **MAY 19:** GST Council decides on 5, 12, 18 and 28% as service tax slabs.
- \* **JUN 21:** All states except Jammu and Kashmir pass SGST law.
- \* **JUNE 28:** Mamata Banerjee announces her party's decision to skip midnight launch of GST.
- \* **JUNE 29:** Congress, Left too decide to skip launch.
- \* **JUNE 30:** Midnight: GST set to rollout.

## 80% items within 18% rate

**NEW DELHI:** The landmark Goods and Services Tax will not alter the prices of essentials and daily use items like salt and soaps as they have already been exempt or tax on them has been kept at the current level.

Unbranded food staples including vegetables, milk, eggs and flour will be exempt from GST along with health and education services. Tea, edible oils, sugar, textiles and baby formula will attract only 5 per cent tax. These items and daily use items make up for about 80 per cent of the goods used. Luxury items such as gold, diamonds, motorcycles, perfume and shampoo, which account for about 19 per cent of all taxable items, will be taxed at 18 per cent or higher. GST, the biggest tax reform since independence, will cut off 16 different central and state taxes like excise, service tax and VAT, to create a uniform rate of tax across the country from midnight tonight. The tax department has been working overtime to inform people about GST. Revenue Secretary Hasmukh Adhia said, adding that the new regime "will bring in transparency, help cut tax evasion and benefit honest taxpayers".

Earlier, traders with turnover of above Rs 10 lakh were paying VAT at full rate, but they were exempt from excise. But



Revenue Secretary Hasmukh Adhya at GST Midnight Conclave organised by India Today, in New Delhi on Friday.

now, a trader with turnover of Rs 20-75 lakh will have to pay 2.5 per cent tax. Businesses with turnover of Rs 20 lakh will be exempt. "For small businesses, we have a composition scheme. It is very simple," Adhia said. Under this composition scheme where the turnover does not exceed Rs 75 lakh,

below or in 18 per cent GST slab," he said. Butter, ghee, almonds, fruit juice, mobiles and umbrella have been placed in 12 per cent tax bracket while 18 per cent rate would be levied on hair oil, toothpaste, soap, ice cream, and printers.

The highest tax of 28 per cent will be levied on chewing gum, chocolates, custard powder and waffles market, chocolate. Besides, cars, aerated drinks, AC, refrigerators and capital goods and all industrial intermediates will attract the highest rate. The new tax regime, to be effective midnight tonight, will replace the messy mix of more than a dozen state and central levies built up over seven decades, with a one national GST applying to the country's USD 2 trillion economy with 1.3 billion people.

Businesses will register on a common portal, for which the company providing the IT backbone GST Network will be working on the modalities.

The returns are to be uploaded once a month by retailers following which the return form are to be matched and availed as credit and thereafter the computer will generate the tax liability. "Today Income Tax returns are filed online, so nothing is impossible, it is easy," Adhia said.

Manufacturers will have to pay 1 per cent of turnover as GST, traders 2.5 per cent and 5 per cent of turnover in state in case of other suppliers. CBEC in advertisements said single tax GST will bring down prices for most households. "GST a boon for households. 81 per cent of items to fall

## Traders protest GST, stop train; wholesale mkt shut down in Kanpur

**KANPUR:** Hours before the rollout of GST, traders in the business hub of Uttar Pradesh Friday squatted on rail tracks and stopped the Kanpur - Patna passenger train in a protest against the new tax regime. The traders led by Akhil Bharatiya Udyog Vyapar Mandal leader Ganendra Misra protested at the railway crossing here around 9.47 AM and stopped the local train. It was only when the GRP personnel made to the spot and removed the protesters from the tracks that the train could resume its journey. Retailers said, adding there was, however, no disturbance by the protesters the main station. The traders in wholesale markets here remained closed with the trade organisations taking out

## Strike evokes mixed response in Rajasthan

**JAIPUR:** A bank call given by various trade unions against GST evoked mixed response in Rajasthan on Friday. Most of the traders participated in the strike. Trader association spokesperson Arun Agrawal said the traders were against the GST. He said the response to the strike was good, and that traders in Jaipur, Udaipur, Alwar, Sikar, Jodhpur, Kota and other districts participated in it. (PTI)

## No price change in 78% of actively used drugs post-GST: NPPA



**NEW DELHI:** Drug pricing regulator, The National Pharmaceutical Pricing Authority (NPPA) Friday said prices of around 78 per cent of 'actively used' drugs will remain unaffected after the rollout of the Goods and Services Tax from midnight tonight. NPPA has already announced provisional ceiling prices of 761 medicines, including anti-cancer, HIV, diabetes and antibiotics, with a majority being reduced ahead of the GST implementation. These prices will be notified as formal revised ceiling prices immediately after GST notification, NPPA said in a memorandum earlier this week.

"Prices of approximately 78 per cent of all actively used and traded drugs in the country are going to remain unaffected post GST", NPPA said in a tweet today. It had earlier indicated that the prices of majority of essential drugs would increase by up to 20 per cent when the GST regime kicks in. The government has fixed GST rate of 12 per cent on most of the essential drugs as against the current tax incidence of around 9 per cent.

"I am confident that GST implementation will be by and large smooth and will not cause any major disruption in the availability of drugs in the country," NPPA Chairman Bhupendra Singh had earlier told PTI.

## Karti seeks more time from CBI for questioning

**NEW DELHI, JUNE 30 /--** Former Finance Minister P Chidambaram's son Karti Chidambaram, asked by the CBI to appear before it for questioning in a corruption case, has sought more time from the agency, sources in the Central Bureau of Investigation said on Friday.

The agency wanted to examine him in connection with a Foreign Investment Promotion Board (FIPB) clearance given to media group INX Media for receiving funds from Mauritius when his father P Chidambaram was the finance minister. It is alleged that a firm indirectly controlled by him received money from INX Media, run by Indrani and Peter Mukerjee. The sources said the agency had issued notices to Karti, 45, and his associates to appear for questioning between June 27 and June 29, but they failed to turn up. Karti, through his lawyer, has informed the investigating team that he needs more time before he can appear for questioning, the source said. The CBI had registered the case on May 16 against Karti, his company Chess



Management Services, INX Media, Advantage Strategic Consulting Services, its director Padma Vishwanathan and the Mukerjees.

The Mukerjees, charged with the murder of Indrani's daughter, Sheena Bora, are currently in jail. The agency had raided 17 locations, including the Chidambarams' residence in Chennai. According to the CBI, INX Media stated in its records that an amount of Rs 10 lakh was given to Advantage Strategic Consulting (P) Limited, a firm the CBI said was "indirectly" owned by Karti, for management consultancy charges

## Panagariya hails R's than for various reform measures

**JAIPUR, JUNE 30 /--** Niti Aayog Vice Chairman Arvind Panagariya Friday praised the Rajasthan government for initiating various reform measures, including 'ease of doing business' policy. He said that amendments in labour laws, land lease permission for solar energy, rent act in urban development, toilet construction work under Swachh Bharat Mission, Mukhyamantri Jal Swavlamban Yojana (MJSY) are some of the remarkable reforms in last three years. Panagariya was in city along with his team to take part in a programme Development Dialogue with Niti Aayog with Rajasthan Chief Minister Vasundhara Devi. Niti Aayog CEO Amitabh Kant also praised the reforms. He said that saying that with such innovative schemes and steps, Rajasthan can be on the top. Member of the Aayog, Professor Ramesh Chand, suggested to start auction crop produce in all mandis in Rajasthan. He also suggested Agriculture Marketing Project. He also suggested for the protection of community land and expansion of greenery for the promotion of high yielding varieties of various crops and expansion of animal husbandry in the state.

## A brand name: GoM to look into issue, Ministry for retention

**NEW DELHI, JUNE 30 /--** Should the national carrier retain its brand name once it is privatised? A group of ministers to be set up to look into Air India's future will decide on it.

"We may have a view on brand name but that is a decision to be made by the Alternative Mechanism (AM). Are we going to insist on the brand name being retained? Will we give them (private players) the freedom? (on the name). That is a decision to be taken by the AM," said R N Choubey, Minister of State for Civil Aviation. Minister of State for Civil Aviation Jayant Sinha emphasised that the brand name has both sentimental and economical value. "The economically sensible thing to do and the sentimental thing to do will be to keep the Air India brand. The brand has a value as well as from emotional, sentimental and national perspective it has value. So, we think that anybody who would be interested in Air India would be interested in the brand as well," he said. With the decision of the Cabinet yesterday to grant in principle approval for divestment of the national carrier, Air India's history has come full circle. It was nationalised in 1953 because it was perceived as a matter of national security. The government is now mulling selling its stakes because of its massive debt of Rs 52,000 crore. Air India's brand is also likely to carry forward. The government is now mulling selling its stakes because of its massive debt of Rs 52,000 crore. Air India's brand is also likely to carry forward. The government is now mulling selling its stakes because of its massive debt of Rs 52,000 crore. Air India's brand is also likely to carry forward.



chairman of Air India in 1986 and held that post till 1989. In 2000, the Vajpayee government cleared a proposal to disinvest its stake in both Air India and Indian Airlines. Seven years later, both entities would be merged into NATIONAL AVIATION COMPANY OF INDIA.

Both these firms were already making losses then, and the merger significantly spiked Air India's costs. A CAG report in 2011 would blame the government for causing financial loss by going in for expansion without a proper business plan just before the merger. (PTI)