A review of GST regime

What is the issue?

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With GST regime nearing its first full quarter since its roll-out, an assessment of the effects highlights the need for a course correction.

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What are the outcomes?

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- **Revenue** - Revenue collections from the first month appear optimistic with just 70% of eligible taxpayers bringing in a substantial amount of direct taxes.
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- Thus, as far as the exchequer is concerned, the GST appears to have begun well with many more taxpayers still registering.
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- The resultant healthy revenue would give the government the necessary fiscal room to rationalise multiple GST rates into fewer slabs and possibly lower levies as a stimulus.
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- **Business** - However, for businesses the GST regime has brought many challenges.
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- Firms of all sizes across sectors are struggling to file their first set of returns under the GST due to various roadblocks in the GST Network.
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- These include issues related to invoice matching, claiming of transition credits via the Tran1 form, errors in making final submissions, uploading of returns and of invoices, among others.
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- **Extension of deadline** - The government has extended the deadline for GST returns for the first month twice.
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- Despite the benefits, this is a problem for the taxpayers expecting a refund from the authorities on taxes already paid.

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- This is bound to affect their working capital availability, create a burden on their finances and impact their production.
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- This is particularly impacting the exporters who are facing delays in return due to procedural problems.
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- Besides, the GST Council has already changed the announced tax rates on over 100 products and services within about 75 days of the roll-out.
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- An ever-changing policy landscape is hardly conducive for attracting further investment to boost the economy.
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What is the way forward?

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- A lot of things were not anticipated or tested such as the GSTN when the government opted for a July 1 launch for GST.
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- The extension given by the GST Council will help GSTN to ramp up its system and businesses to understand the issue.
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- It is essential now that the group act expeditiously and transparently with regard to the GSTN’s operational capacity.
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- The procedural problems need to be resolved for the industrial units to be comfortable to switch-over to the reformed tax regime.
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Source: The Hindu

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