

## GST Council

### Why in news?

The 53rd Goods and Services Tax (GST) Council recently met in Delhi under the Chairpersonship of union minister for Finance.

### What is a GST Council?

- **A constitutional body** - GST was added in the constitution under Article 279A by **101<sup>st</sup> Constitutional Amendment Act in 2016** and came into effect in 2017.
- **Article 279A (1)** - The GST Council has to be constituted **by the President within 60 days** of the commencement of Article 279A.
- **GST Council** - It will be a joint forum of the Centre and the States, shall consist of the following members
  - **Chairperson** - Union Finance Minister
  - **Member** - The Union Minister of State, in-charge of Revenue of finance
  - **Other members** - The Minister In-charge of finance or taxation or any other Minister nominated by each State Government
- **GST Council Meetings** - It takes decisions through a consensus-based approach.
- The Constitution did not mention the number of GST Council meetings per year.
- However, the Council meets periodically to discuss and decide on important issues related to GST.
- **Quorum** - The Constitution states that one-third of the total number of GST Council members shall constitute the quorum.
- **Voting structure** - Every decision of the GST Council shall be taken by a majority of not less than three-fourths of the weighted votes of the members present and voting.
- It shall have a weightage of
  - One-third of the total votes cast to the Centre
  - Two-thirds of the total votes cast to the States
- This inclusive weightage helps in promoting the spirit of the **co-operative federalism**.

### What is the role of GST Council?

- **Role** - It oversees the implementation and regulation of the Goods and Services Tax.
- It will make recommendations to the Union and the States on important issues related to GST like
  - The goods and services that may be subjected or exempted from GST
  - Model GST Laws
  - The principles that govern Place of Supply
  - Threshold limits
  - GST rates including the floor rates with bands

- Special rates for raising additional resources during natural calamities/disasters, special provisions for certain States, etc.
- **Recommendations are not binding** - In ***Mohit Minerals case of 2022***, Supreme Court stated that States and Centre can equally legislate on matters of GST thereby all recommendations of GST council is *not binding on State legislature*.
- The court said Article 246A of the Constitution gives both *Parliament and state legislatures “simultaneous” power to legislate on GST* and recommendations of the Council “are the product of a collaborative dialogue involving the Union and States.”

*Article 246A treats State and Centre as equal. Article 279 says state and centre cannot act independent of each other.*

### **What are the major outcomes of the 53rd GST Council?**

- **Apple farmers** - It *reduced the GST on cartons* from 18% to 12% to provide relief to apple farmers in Himachal Pradesh and Jammu and Kashmir.
- **Railways** - It *exempted* on services such as *platform tickets, waiting room and cloakroom facilities* in railway stations.
- **Rent and others** - The council recommended *12% taxes on items such as milk cans and solar cookers* and announced some relief for students living in certain kinds of rented accommodation.
- **Trade facilitation** - It recommended trade facilitation measures such as penalty waiver on demand notices sent during the initial three years of the roll out of the GST.
- That have been issued under Section 73 of the GST Act for cases not involving fraud, suppression or misstatements.
- **Biometric based GST verification** - Council *approves to rollout* Pan India based *biometric Aadhaar based GST Verification* that will help to weed out fraudulent claims, etc.
- **Fertilizers** - GST Council sends *request to reduce GST on fertiliser* on rate rationalisation.
- **Machinery** - A *uniform 5% IGST rate* will now apply to imports of aircraft parts, components, testing equipment, tools, and tool-kits, irrespective of their HS classification.
- This measure aims to boost Maintenance, Repair, and Overhaul (MRO) activities, subject to specified conditions.

- **Origin** - The idea of a nationwide GST was first proposed by the Kelkar Task Force on Indirect taxes in 2000.
- **Objective** - It aims to replace the prevailing complex and fragmented tax structure with a unified system.
- It would simplify compliance, reduce tax cascading, and promote economic integration.
- **Dual structure** - Central GST (CGST) levied by the Central Government and the State GST (SGST) levied by the State Governments.
- In the case of Inter-state transactions, Integrated GST (IGST) is applicable, which is collected by the Central Government and apportioned to the respective State
- **Input tax credit** - The businesses can claim credit for the tax paid on inputs used in the production or provision of goods and services.
- **Composition scheme** - It is available for small taxpayers with a turnover below a prescribed limit (currently 1.5 crores and 75 lakhs for special category state).
- Under this scheme, businesses are required to pay a fixed percentage of their turnover as GST and have simplified compliance requirements.
- **Anti-Profitteering Measures** - The government established the National Anti-Profitteering Authority (NAA) to monitor and ensure that businesses do not engage in unfair pricing practices and profiteering due to the implementation of GST.

## References

1. [The Indian Express| 53<sup>rd</sup> GST Council Meetings](#)
2. [GST Council| Role of GST Council](#)