Highlights of GST Council Meet

Why in news?

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GST council has taken highlight decision on MSMEs

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What are the areas discussed in the council meeting?

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- GST Council planned for a proposal to incentivise digital payments in the form of cashback of 20 per cent of the GST paid on business-to-consumer transactions.
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- The GST Council has instead decided to study how proper incentives might aid in the shift to digital payments through a pilot project that uses BHIM and the UPI to incentivise the payment of tax in cash, with a Rs 100 cap.
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- It shows a shift in emphasis from rushing through with decisions to taking time to assuage the concerns of various states.
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- In the previous meeting, some decisions were sent for approval without the due process such as referral to a fitment committee.
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- But the recent meeting of the GST Council showed that the spirit of cooperative federalism is back on track.
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What are the highlights decision taken on MSMEs?

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- There are various demands from the MSME side such as easing the compliance burden on MSMEs having a turnover of less than Rs 15 million.
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- One argument is that since MSMEs with an annual turnover of less than Rs

15 million were exempt from paying the excise tax, they should be exempt from the GST too since it has replaced excise now.
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- The MSMEs have also expressed a desire for cheaper access to the specialised software package that is required for the proper maintenance of accounts related to the GST.
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- Another demand is that the minimum level for the e-way bill be raised from Rs 50,000 to a full Rs 100,000.
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- GST council has decided to set up a panel under the minister of state in the Union finance ministry that would include senior ministers from various state governments to address the concerns in MSME sector.
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What are the reasons behind this move?

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- Over the past year, some MSMEs have consistently pointed out that there are many ways in which they have been disadvantaged under the new system.
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- Union government’s intention is to look into the troubles of the MSME sector, which has complained that it has found itself particularly uncompetitive after the implementation of the GST.
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- The relative inability of this sector to cope with the transition to the new indirect tax regime has had a serious effect on the creation and preservation of jobs in the country.
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- Going into an election year, the ruling government cannot afford to antagonise owners or workers in the MSME sector they will rely on heavily for support at the time of the polls.
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Source: Business Standard

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