Revision of GST rates

Why in news?

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Revenue Secretary recently stated that GST rates will be revised.

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What is the recent behind such move?

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- After the roll out of GST small and medium businesses and the common man face are facing ‘a big burden’.
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- Union government recently announced the composition scheme threshold has been extended to Rs.1 crore, keeping reverse charge in abeyance.
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- It also allows units below an annual turnover threshold of Rs.1.5 crore to file quarterly returns.
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- Rates of over two dozen items were reset, taking such rate changes since July 1 to over 100 while some procedural and compliance-related norms were eased.
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- This move in GST rate structure is needed, in view of the impact on small business.
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- Union government is clear that rules and rates need to be tweaked to ensure that the economy gets back on the rails.
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- These latest statements displays union government’s commitment to fix the flaws in the new tax regime, to address the woes of small businesses and exporters.
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What are few GST concerns needs to be addressed?

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- Many measures announced haven’t been implemented swiftly enough refunds to exporters.
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- There is a stringent requirement for matching invoices in order to allow input tax credits, which is impeding the uptake of the new tax.
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- Excessive tinkering with rates indicates that the initial levies were not thought through.
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- High rate structures have driven out small and medium enterprises and entire product categories are under threat of disappearing.
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- The Government had failed in sorting out design issues in GSTN, which includes difficulties arising out of matching invoices, facilitate the filing of periodic summary returns.
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- This has contributed to delays in uploading returns, given the unreliable internet speed in many parts of the country, for which the enterprise pays a penalty.
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Source: The Hindu, Business Line

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