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Newsflash: GST - Latest Developments

BACKGROUND

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the following four GST related bills:

1. The Central Goods and Services Tax Bill 2017 (The CGST Bill)
2. The Integrated Goods and Services Tax Bill 2017 (The IGST Bill)
3. The Union Territory Goods and Services Tax Bill 2017 (The UTGST Bill)
4. The Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill)

The SGST Bill shall be presented in respective state assemblies in due course.

The above four bills are proposed to be presented in the Parliament this week for discussion.

These draft bills were cleared by GST council in their earlier meetings including the discussions held in their 12th meeting held on 16 March 2017 at New Delhi. The key highlights of the said meeting are provided herein below:

- The GST Council gave its approval to the State GST (SGST) and Union Territories GST (UTGST) Laws. With this approval all the five draft laws are approved by the council since Central GST (CGST), Integrated GST (IGST) and Compensation Law were already approved by the Council in previous meetings
- Further, Central Government is planning to present the 5 laws to the Union Cabinet for seeking their approval
- The Council has capped the ceiling of levying the proposed cess on luxury goods at 15%. However the ceiling of cess on 'SIN' Goods shall be much higher as follows:
 - 135% on tobacco
 - 290% or INR 4,170/- per 100 sticks on cigarettes
 - Cess (Environment Cess) on coal and lignite shall have a ceiling of INR 440 per tonne
- The said cess on demerit goods shall be used to create a corpus fund of around 50,000 crore for compensating states for any loss of revenue under GST
- GST council has also proposed a nil rate on goods and services to be supplied to SEZ's
- The Council's next meeting shall be held on 31 March 2017 to approve the rules relating to the following:
 - The exact levy of cess on demerit goods
 - Compositions scheme
 - Valuation
 - Input Tax Credit (ITC)
 - Transitions
- After, 31 March 2017 meeting GST Council shall decide on classification of goods and services in various slab rates

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This newsflash is general in nature. In this newsflash, we have summarized the key aspects of the GST proposals framed by the GST Council and cleared by the Cabinet on 20 March 2017. It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said notification and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

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