Source : www.thehindu.com Date : 2023-10-12

SPRING CLEANING: THE HINDU EDITORIAL ON GST REGIME REFORM

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

To enjoy additional benefits

CONNECT WITH US

October 12, 2023 12:10 am | Updated 09:05 am IST

COMMents

SHARE

READ LATER

The Goods and Services Tax (GST) Council last Saturday lifted the haze on about a dozen tax treatment ambiguities, some of which have lingered since the indirect tax regime's launch in July 2017, such as the tax on corporate and personal guarantees for bank loans. It slashed the GST on molasses from 28% to 5%, with a view to lower cattle feed costs and ease up cash flows for sugar mills so they may pay farmers' dues faster. Rate tweaks and spring-cleaning clarifications apart, one of the significant outcomes was the decision not to exercise the Council's power to tax extra neutral alcohol (ENA) used for alcoholic liquor. With alcohol for human consumption still outside the GST net, the indirect tax levy on ENA or high strength potable alcohol — a key ingredient — could not be set off against State levies on the final product. Industry had been seeking for clarity on this vexed issue for years, with courts taking varying positions.

It is heartening that the Council, that met just twice in 2022, has met four times this year, and thrice in just four months, even if a few agenda items pertained to fixing anomalies in recent decisions. With the age norms for the president and members of the long-awaited GST Appellate Tribunals now harmonised with other tribunals — a clearly avoidable oversight — one hopes they will become operational soon. For consumers and producers, however, the biggest matter of concern should be the Council's resolve to meet at a future date exclusively to discuss what Finance Minister Nirmala Sitharaman termed 'perspective planning' on the GST Compensation Cess and what kind of surcharge it could be replaced with. Originally packaged as a time-bound levy on top of a 'Good and Simple Tax' to compensate States for revenue losses for the first five years of GST, the COVID-19 pandemic's hit on tax collections had triggered an extension of the Cess levied on so-called demerit goods such as aerated drinks, tobacco products and automobiles, till March 2026. Discouraging some sin goods may be desirable. However, ringing in a new cess must not be done in isolation, but as a part of the broader rationalisation of GST's complex multiple-rate structure. That rationalisation exercise, initiated two years ago, unfortunately remains off the table despite robust revenue inflows in recent times. Frequent tweaks of irritants aside, the GST regime needs a holistic reform plan, including a road map to bring in excluded items such as electricity, petroleum and alcohol.

COMMents

SHARE

taxes and duties / agriculture

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

crackIAS.com