



Sweating the small stuff

GST Council:

1. The GST Council could not live up to the expectations of some meaningful relief from the disastrous second wave of the pandemic. The measures unveiled were insipid, be it for the common man hoping to survive while keeping fingers crossed for a vaccination slot or a hospital bed, or businesses hurting from lockdowns, and States grappling with a cash crunch amid a scramble to purchase vaccines.
2. Finance Minister Nirmala Sitharaman announced an elaborate amnesty scheme for small firms pending GST returns, lowered the interest levied on late payments for recent months, and extended several compliance timelines.
3. But there is little respite for businesses with a turnover of over ₹5 crores, and industry is underwhelmed. No discussion occurred on bringing fuels under GST, despite the Centre's noises to that effect amid runaway petrol prices.
4. Taxes on COVID essentials remain unchanged, despite States and industry pressing for waivers. Ms Sitharaman said the subject dominated deliberations but 'varying viewpoints' compelled her to let a Group of Minister's pore over possibilities of rate cuts.

Cooperative federalism:

1. Opposition States allege that NDA-ruled States' representatives in the Council vociferously opposed waiving the GST on COVID vaccines and drugs. Tax mavens have mooted ways to implement such cuts, so it is unfortunate that the Centre, usually so conscious of optics, came to the table with little to offer.
2. GST breaks offered on free COVID-related imports from abroad for donation to State-approved entities, were extended to material imported on a payment basis as well.
3. A ₹1.58-lakh crore borrowing plan may quell States' concerns about immediate compensation dues, but larger schisms are apparent that could fray the Council's functioning further after recent acrimonious parleys.
4. Sikkim, for instance, has demanded that it be allowed to levy its own cess to cope with falling revenues, a demand that has been backed by others, including Tamil Nadu and Arunachal Pradesh.

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5. This could virtually derail the very edifice of GST subsuming all local levies, even as States now want to be recompensed beyond next year. The Centre, facing flak for its handling of the second wave, could do with a more responsive approach.
6. Winning an intellectual or ideological battle over taxes on COVID essentials is meaningless at this precarious time when each day's delay in providing relief hurts thousands.
7. Small gestures with limited revenue implications would give the Centre more room to strike common ground with States on the challenges that loom over the GST regime.