

India|Tax & Regulatory|Private circulation|November 10, 2016

Goods and Services Tax Alert

India Indirect Tax Reform

Issue: GST rate structure affirmed by the GST council



The GST Council in its meeting held in first week of November' 2016 has finalised the structure of GST Rate

- The Good and Services Tax Council arrived at an agreement on GST Rate and intended enlist and reaching consensus on dual control mechanism.
- The Council provided for multiple four-tier GST Rate with essential items being zero rated as formulated below:

Particular	Slab Rate
Essential items including paddy	0%
Items for common use and consumption	5%
Lesser standard rate on goods and services	12%
Superior standard rate on goods and services	18%
Demerit/Luxury goods	28%

- Essential items constitute almost fifty percent of the products within the Consumer Price Index to be zero rated.
- Demerit/Luxury goods would be subject to additional cess to be arrived on the basis of difference between present taxes charged on the products and the proposed 28% GST Rate.
- Rate on Gold yet to be decided by the GST Council.
- The GST council to review additional cess and GST Rate on yearly basis.
- The Jurisdiction on administrative control between the Centre and States on assesses to be deliberated in ensuing meeting of GST council.
- The Finance Minister asserted on draft CGST, SGST and IGST bills to be finalized and subsequently for States to comment, with the object of finalizing the law and dual control issues as agenda promulgated in the coming meeting of GST council.
- The above measures adopted in ensuing weeks are precursor for implementation of GST by April 01, 2017.

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Contacts

New Delhi

4/80, Janpath ,
Connaught Place
New Delhi-110 001
Tel: +91-11- 4319 2000
Fax: +91-11-4319 2021

Email: rnm@rnm.in

Banglore

813 Oxford Towers,
139 Airport Road,
Bangalore-560008
Tel : +918022222222

Gurugram

Unit No. 613, 6th
Floor
Sun City tower
Sector 54, Gurgaon

www.rnm.in

Hong Kong

3705 ,Bank of
America Tower, 12
Hardcourt Road,
Hong Kong
Tel; +852-21159878

Mauritius

365, Royal Road Hill,
Mauritius
Tel: +230-4542110
Fax: +230-4549671

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