



Agenda for

29th GST Council Meeting

Volume – 4

04 August 2018



File No: 484/29th GSTCM/GSTC/2018
GST Council Secretariat

Room No.275, North Block, New Delhi
Dated: 27 July 2018

Notice for 29th Meeting of the GST Council on 04 August 2018

The undersigned is directed to refer to the subject cited above and to say that the 29th Meeting of the GST Council will be held on Saturday, 4 August 2018 from 11:00 am onwards at Hall No 2-3, Vigyan Bhawan, New Delhi. The Meeting is convened to discuss mainly the issues, concerns and suggestions of the Micro, Small & Medium Enterprises (MSME) in the GST regime and any other agenda with the permission of the Chairperson of the Council.

2. The Detailed Agenda Note, if any, will be sent separately in due course of time.
3. All State Governments and CBIC are requested to send their suggestions or concrete action points for this single agenda item to Member (GST), CBIC / GST Council before 29th July, 2018, as discussed in the 28th GST Council Meeting.
4. Please convey the invitation to the Hon'ble Members of the GST Council to attend the meeting.

(-Sd-)
(Dr. Hasmukh Adhia)
Secretary to the Govt. of India and ex-officio Secretary to the GST Council
Tel: 011 23092653

Copy to:

1. PS to the Hon'ble Minister of Finance, Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
2. PS to Hon'ble Minister of State (Finance), Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
3. The Chief Secretaries of all the State Governments, Delhi and Puducherry with the request to intimate the Minister in charge of Finance/Taxation or any other Minister nominated by the State Government as a Member of the GST Council about the above said meeting.
4. Chairperson, CBIC, North Block, New Delhi, as a permanent invitee to the proceedings of the Council.
5. Chairman, GST Network

Agenda Items for the 29th Meeting of the GST Council on 04 August 2018

1. Confirmation of the Minutes of 28th GST Council Meeting held on 21st July, 2018
2. Discussion to address issues and concerns of Micro, Small & Medium Enterprises (MSME) in GST regime
3. Incentivising Digital Payments in GST Regime
4. Any other agenda item with the permission of the Chairperson
5. Date of the next meeting of the GST Council

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Discussion on Agenda Items

Agenda Item 3: Incentivising Digital Payments in GST Regime

Briefly stated, with an objective to incentivise digital transactions, an Agenda Note was circulated for consideration by the GST Council in its 23rd Meeting [held on 10.11.2017]. A revised Agenda, by way of an addendum, was circulated in the 28th GST Council meeting held on 21.07.2018, which proposed as follows:

- i) The GST concessions on digital payments be given on the B2C transactions through the modes that are used across the country. Accordingly, it is proposed that to begin with GST concession be given only on the B2C transactions made through RuPay (Debit Card) and UPI-Unified Payment Interface, BHIM, USSD.
- ii) The GST concession shall be given by way of refund to the consumer in his account through an automated route.
- iii) The concession shall be 20% of total GST paid subject to the total ceiling of Rs 100 (Rs 50 CGST and Rs 50 SGST) per transaction.
- iv) The CGST amount given as cashback shall be pooled in by the Centre and SGST amount shall be pooled in by the respective State.
- v) Upon approval of the proposal, the exact modalities for providing the concession shall be put in place in consultation with the Line Ministry (Ministry of Electronic & Information Technology).

2. Revenue implications:

2.1 The volumes and revenue implication under the proposed modes are as follows:

A. Volumes:

S. No.	Modes	Volume (17-18) [In Rs crore]	Value (17-18) [In Rs crore]
1	UPI-Unified Payment Interface, BHIM, USSD	92	109832
2	RuPay (POS)	46	48886
3	RuPay (eComm)	21	16635
	Total	159	175353

Source: NPCI/MeitY

B. Revenue implication: A large number of digital transactions may be done for utility payments or other payments which do not attract GST. The benefit would accrue only on B2C transactions involving GST supplies. Further, benefit would be restricted to Rs 100 per transaction. Accordingly, revenue estimation done is as follows:

S. No.	Description	Amount
1	Average value per transaction	Rs 1103
2	Weighted average GST rate	14%
3	If 33% of the above stated transactions are eligible for benefit -the revenue implication at the rate of 20% of GST paid would be = Total Value*(33%)*weighted rate (5)*20%	Rs 1636 crore

4	If 25% of the transactions are eligible for concession, the implication would be	Rs 1239 crore
5	If 20% of the transactions get the benefit, the GST concession would be	Rs 991 crore

3. The Council discussed the above proposal in the 28th GST Council Meeting held on 21.07.2018 and the Council recommended that this proposal may be considered by the Group of Ministers (GoM) on Digital Payments for further refinement and to be taken up in the next Council Meeting to be held on 4th August, 2018.

4. The matter has been examined by the GoM on Digital Payments in the meeting held on 03.08.2018. The GoM observed that incentivising digital payments by way of instant cashback of GST shall increase the compliances. This would lead to increased capturing of B2C transactions in GST. Thus, significant gain in revenue are likely on implementation of this proposal. The gains due to increased revenue collection will offset any cost that is anticipated on account of cashback of GST. It would additionally lead to the following gains:

- i) Increased formalisation – reduced GST evasion
- ii) Increased Transparency in business
- iii) Incentive to use the digitisation will reduced rural – urban divide
- iv) Improved compliance and reduction in cash transaction vis-à-vis GDP.
- v) No discrimination with rural and poor population as there is no GST for traders below threshold and traders availing composition scheme are out of scheme coverage
- vi) Increased consumer participation because of incentive.
- vii) The revenue implication of the policy should not be seen as a cost but as an investment to formalise the economy in long term.

4.1 The GoM also discussed the concerns raised by the Hon'ble Finance Minister of West Bengal Dr. Amit Mitra. Hon'ble Minister has raised inter-alia following concerns:

- i) Belief that the UPI, BHIM, USSD and Rupay cards are popular in rural areas is not true. For Example, large number of Rupay cards are still lying with banking correspondence in rural areas.
- ii) Lack of digital infrastructure in rural and semi urban markets like POS machine.
- iii) The revenue implication of Rs 1636 crore will further aggravate the shortfall in GST revenue which so far has been below the expectation

4.2 In the above context the GoM observed that the incentives to promote the digital transaction will provide incentives for use of Rupay cards on a large scale and also it will help in creating the digital infrastructure in rural and semi urban markets. Also, increased compliance will offset the revenue loss on account of cashback. Thus, the proposal would in fact address the above stated concerns.

4.3 GoM observed that the modalities to implement the scheme, after in principle approval of GST Council, may be worked out in consultation with GSTN, MeitY and National Payments Corporation of India (NPCI).

5. Accordingly, GoM approved the proposal and recommended the same to be placed before the Council for favourable consideration.

6. Accordingly, it is proposed that the Council may accord in principle approval to the proposal. The exact modalities of implementation of the Scheme shall be worked out in consultation with MeitY, GSTN and NPCI. The Scheme shall be implemented as soon as the modalities for its implementation are put in place.

Agenda Item 4: Any other agenda item with the permission of the Chairperson

Agenda Item 4(i): Notifying the due dates for furnishing the details in FORM GSTR-1, FORM GSTR-2 and filing the return in FORM GSTR-3 and FORM GSTR-3B

The GST Council in its 26th meeting held on 10th March, 2018 decided to continue with the present system of filing of the return in **FORM GSTR-3B** and the details of outward supplies in **FORM GSTR-1** for April to June, 2018 till the new return system is finalized. The basic principles of a new GST return filing system, based on the recommendations of the Group of Ministers on IT simplification, were approved by the GST Council in its 27th meeting held on 4th May, 2018. Further, the GST Council in its 28th meeting held on 21st July, 2018 approved the key features and the new format of the GST returns.

2. Till the time the new return filing system is developed and implemented, it is proposed to continue with the present system of filing the details of outward supplies in **FORM GSTR-1** and a summary return in **FORM GSTR-3B** till March, 2019 along with postponing the furnishing of the details of inward supplies in **FORM GSTR-2** and the return in **FORM GSTR-3** till March, 2019.

3. Thus, it is proposed to notify the due date for filing the said FORMS as below:

(i) the due date for furnishing the details in **FORM GSTR-1** for the months of July, 2018 to March, 2019 to be the 11th of the corresponding next month for the registered persons having aggregate turnover of more than Rs 1.5 crore in the preceding financial year or the current financial year;

(ii) the due date for furnishing the details in **FORM GSTR-1** for the quarters July'18-Sep'18, Oct'18-Dec'18, Jan'19-Mar'19 to be the last day of the month (30th/31st) following the end of the corresponding quarter for the registered persons having aggregate turnover of up to Rs 1.5 crore in the preceding financial year or the current financial year;

(iii) the due date for filing the return in **FORM GSTR-3B** for the months of July, 2018 to March, 2019 to be the 20th of the corresponding next month.

(iv) the due date for furnishing the details in **FORM GSTR-2** and filing the return in **FORM GSTR-3** for the months of July, 2018 to March, 2019 shall be notified subsequently.

4. Accordingly, the approval of the GST Council is sought to notify the due dates as detailed in paragraph 3 above.