

GST Council

[UPSC Notes]

What is GST Council?

GST Council is a constitutional body that is responsible to make recommendations to the Union or State government regarding issues involving the Goods and Service Tax. GST Council plays a crucial role in taking decisions regarding the Goods and Service Tax in India. The vision of the GST Council is to uphold the greatest norms of cooperative federalism in the Council's operations. The GST Council is the first constitutional federal body with the authority to make all significant GST decisions.

- GST Council is constituted as per Article 279-A of the Indian Constitution.
- The GST Council Secretariat is located in New Delhi.
- Union Revenue Secretary is the ex-officio secretary of the GST Council.
- GST Council is responsible for dictating the tax exemption, tax rate, tax laws, and the due date of forms, keeping in mind the special rates, tax deadlines, and provisions.
- The main goal of the GST Council is to ensure to have one uniform tax rate for Goods and Services across India.

History of GST Council

The 101st Amendment Act of 2016 brought a new tax regime (Goods and Services Tax) to the country. For an efficient and smooth administration of GST requires coordination and corporation between the states and the center.

To ease the consolation process, the amendment provided for the formation of a GST Council. Article 279-A was inserted in the Indian Constitution, and it empowered the President to form a GST Council. So, the President constituted the GST Council in 2016, and the secretariat of the Council is now located in New Delhi.

- The vision behind establishing the GST Council is to establish a constitutional body that has all the powers to take major decisions related to the Goods and Service Tax.
- The mission of the GST Council is to make the GST structure user-friendly, and which is information technology-driven.

Composition of GST Council

The composition of the GST Council is a crucial part of the GST Council UPSC Notes. The council is a joint forum of the center and states and it consists of the following members.

- The chairperson of the GST Council is Union Finance Minister. The other members of the GST Council include the Union State Minister of Revenue or Finance and Ministers in charge of Finance or Taxation of all the States.

- The Council members from the states have to choose one member amongst themselves who would become the Vice-Chairperson of the GST Council. They have also the power to decide his term.
- GST Council has 33 members, out of which 2 members are from the center and 31 members are from 3 Union territories and 28 states with legislation.
- Chairperson of the CBEC (Central Board of Excise and Customs) as a permanent invitee (Non-Voting) to all the proceedings.

Functions of GST Council

The GST Council has to make recommendations to the States and Union on the following matter

- The cesses, taxes, and surcharges levied by the States and Union and the local bodies which are under the Goods and Services Tax
- Any special rates for a certain period to raise additional resources during any natural disaster or calamity.
- Model GST laws, Principles of the levy, apportionment of Goods and Services Tax levied on supplies in the course of commerce or Inter-state trade under article 269A, and the principles that control the place of supply.
- The goods and services that may be exempted or subjected from the Goods and Services tax.
- The threshold limit of turnover below which the services and goods may be exempted from GST.
- The rates include the floor rates with the bands of Goods and Service Tax,
- Special provision with respect to the states- Arunachal Pradesh, Jammu and Kashmir, Mizoram, Nagaland, Tripura, Assam Sikkim, Manipur, Meghalaya, Himachal Pradesh, and Uttarakhand.
- Additionally, the GST Council has the power to recommend the date on which the GST may be levied on petrol, high-speed diesel, petroleum crude, aviation turbine fuel, and natural gas.
- Furthermore, the GST Council has to recommend compensation to the states for the loss of revenue due to the introduction of GST for a period of 5 years. According to the recommendation, the parliament decided on the compensation.

How GST Council Takes a Decision?

The GST Council takes every decision at a meeting where a majority of not less than three-fourths of the votes of the present member and voting, as per the following conditions:

- While making a decision the Central Government of India has a weightage of one-third of the total votes cast.
- Also, the votes of the States Governments taken must have a weightage of two-thirds of the total votes cast.

On the following grounds, any proceedings or act of the GST Council will not become invalid

- Any deficit or vacancy in the constitution of the GST Council

- Any defect in the appointment of any member of the GST Council
- Any procedural irregularity of the GST Council does not affect the merits of the case

