



43rd GST Council Meeting

Why in News

Recently, the 43rd [Goods and Services Tax \(GST\) Council](#) meeting was held.

- This was the **first meeting of the GST Council in the financial year 2021-22**. The council's last meeting was held in October 2020.

GST Council

- It is a **constitutional body (Article 279A)** for making recommendations to the Union and State Government on issues related to **Goods and Services Tax**.
- The GST Council is **chaired by the Union Finance Minister** and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States.
- It is considered as a **federal body where both the centre and the states get due representation**.

Key Points

- **Ad Hoc Exemptions for Covid-Related Equipment:**
 - The GST Council decided to exempt the import of many such items.
 - The exemption has been **extended to August 2021**.
 - Exemptions will be granted **to the import of relief items** even if they have been purchased as long as they are meant for donations to state governments.
 - Earlier, **Integrated Goods & Services Tax (IGST)** exemption **was granted only free of cost imports**.
 - With the rising cases of **Black Fungus**, a particular medicine required for it — **amphotericin-B** — has also been included in the exemption list **(for tax-free imports)**.
 - It also proposed to set-up a **Group of Ministers (GoM) committee** to **look into further exemptions** that can be provided on account of the **Covid-19** relief measure.
- **GST Amnesty Scheme:**
 - It has been **recommended for reducing late fees**. Taxpayers can file pending returns, avail benefits of the scheme, with reduced late fees.
 - It will provide **relief to small taxpayers who constitute 89% of GST payers**.
 - **Late fees have also been rationalised**. The maximum amount of late fee has been reduced and it will come into effect from **future tax periods**.
 - This will provide **long-term relief for small GST taxpayers**.

▪ **GST Compensation Cess (States' Dues):**

- Same formula as in 2020 will be adopted this year too. The rough estimate is that the **Centre will have to borrow Rs 1.58 lakh crore**, which will be passed on to states as back-to-back loans.
- A special session of the GST Council will be held to discuss **extending paying compensation to states beyond 2022.**

▪ **Advance Payment to Vaccine Manufacturers:**

- Rs. 4,500 crore rupees were paid to two vaccine manufacturers as advance payment.
- The country is engaging with **suppliers and manufacturers including from Japan, and Europe for vaccines.**

▪ **Annual Return Filing:**

- Annual return filing has been **simplified**. The Council has **recommended amending the Central Goods & Services Tax (CGST) Act 2017** to allow for self-certification of reconciliation statements, instead of getting it certified by Chartered Accountants.
- The **Annual Return filing will continue to be optional** for 2020-21 for **small taxpayers**, having a **turnover of less than two crore rupees** while reconciliation statements for 2020-21 will be furnished only by those taxpayers whose turnover is five crore rupees or more.

GST Compensation Cess

- GST Compensation Cess is **levied by the GST Act 2017**. The object of levying this cess is **to compensate the states for the loss of revenue arising due to the implementation of GST on 1st July 2017 for a period of five years** or such period as recommended by the GST Council.
- Compensation cess is levied **over and above the amount of GST charged in relation to a particular supply**. The calculation is similar to that of GST - the prescribed rate is applied to the transaction value given under **section 15 of the CGST Act 2017 to arrive at the cess liability**.

Source:IE

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