

Govt RBI can act as GST payment aggregator

A day after Prime Minister Narendra Modi expressed the hope on a national roll- out of goods and services tax (GST) from 2016- 17, the finance ministry on Wednesday released three reports on the processes for the new indirect tax regime. These suggested that the Reserve Bank of India (RBI) can act as the aggregator of payments, and businesses will have to mandatorily register with the goods and services tax network (GSTN) portal to avail of benefits of the new tax system. The reports, prepared by joint sub- committees of the Union finance ministry and the empowered committee of state finance ministers, relate to registration, refunds and processes.

“A legal person without GST registration can neither collect GST from his customers nor claim any input tax credit of GST paid by him. There will be a threshold of gross annual turnover, including exports and exempted supplies (to be calculated on all- India basis), below which any person engaged in supply of goods or services or both will not be required to take registration,” said the report on registration.

The GSTN portal — tech backbone for the new indirect tax system — will be designed by Infosys by March 31, 2015. The company will also maintain it for the next five years. It won the Rs.1,380- crore contract from GSTN in September.

While the threshold limits are yet to be officially decided, the Centre is pressing for an exemption limit of Rs.25 lakh annual turnover.

The Constitution amendment Bill has already been passed by the Lok Sabha, but is stuck in the Rajya Sabha as the ruling National Democratic Alliance lacks the required numbers in the upper House.

The portal will have backend integration with the respective information technology systems of the Centre and states.

On the payments, another report pointed out that RBI should play the role of an aggregator to make it convenient for taxpayers by getting larger number of banks on board. The government will allow GST payment by suppliers via bank transfers, credit and debit cards, and over- the- counter.

“RBI should play the role of an aggregator through its eKuber system. Such role will ease participation of larger number of banks in GST receipts enhancing convenience for the tax payers and provide single source of information for credit of the receipts to government accounts and thereby simplifying accounting and reconciliation tasks,” the report noted.

While the suppliers will have to register on a state- wise basis, they will be allowed to hold multiple registration numbers for different verticals. States and the central government will migrate supplier data to the common GST portal.

The suppliers will be provided with GST identification numbers.

The report regarding the refund process lists situations where refunds would arise, such as excess payment by inadvertence, export of goods/ services, provisional assessment finalisation, credit accumulation and yearend/ volume- based incentives through credit notes. It said while state tax authorities would deal with state GST refund and central tax authorities would deal with central GST and integrated GST refund.