

GST Council to convene on May 28

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Déjà vu: States might seek a discussion on the plans to meet compensation shortfalls that may arise this year. K. Pichumani

Centre, States likely to discuss inclusion of petroleum products, levies on critical COVID supplies

The Goods and Services Tax Council will meet for the first time in more than seven-and-a-half months, on May 28, Finance Minister Nirmala Sitharaman announced on Saturday, setting the stage for the Centre and States to take up several pending as well as pressing issues relating to the indirect tax amid the COVID-19 pandemic.

Apart from the possible inclusion of petroleum products under the GST regime to ease the tax

burden that has pushed retail fuel prices to record levels, the Council is also expected to take up States' concerns on GST levies on critical COVID-19 supplies, including the 5% GST on vaccines.

The Council, which is expected to meet every quarter, had last met in early October. While States had been urging a meeting of the Council over the past couple of months, the Centre had said it would be better to wait for the Assembly elections, including in large States like Tamil Nadu and West Bengal, to conclude.

With the elections out of the way and new governments taking charge this month, the GST Council has been convened. The Finance Minister's office tweeted that she would chair the 43rd GST Council meeting via video conferencing at 11 a.m. in New Delhi on May 28.

"The meeting will be attended by Minister of State for Finance Anurag Thakur, besides Finance Ministers of States & UTs and senior officers from Union Government & States," her office posted on Twitter.

Compensation shortfalls

States are also expected to seek a discussion on the plans for meeting the GST compensation shortfalls that may arise this year too, as second-wave lockdowns dent economic activity afresh, as well as the estimated 63,000 crore due to them for last year's compensation.

After a fractious debate, the Centre had last year met 1.1 lakh crore of the compensation shortfall through special market borrowings that it lent to the States.

While GST collections for 2021-22 began with a record 1.41 lakh crore in April, most economists anticipate a moderation in revenue as more States impose curbs. **"Fresh lockdowns have disrupted businesses again and this may result in lower tax collections in the coming months," Brickwork Ratings said in a note last week.**