GST Council to meet on June 12, rate hike unlikely

ENS ECONOMIC BUREAU @ New Delhi

Falling GST revenue for both the Centre and the states as well as extension of compensation for revenue loss for states beyond five years are likely to be among the talks points as the GST council meets on June 12.

The meeting, chaired by Finance Minister Nirmala Sitharaman, will be conducted via video conferencing. According to sources, while no price hike is on the agenda, falling GST revenue would be main topic of discussion when the council meets for the first time after lockdown.

"Another issue likely to be discussed is compensation. Given the drastic drop in revenue due to the coronavirus-led lockdown, states want the central government to extend support on GST beyond the time period of five years. The centre take up various options to raise funds to compensate the states, " a source in Finance Ministry told. In the last GST council meeting, the finance minister had said that ahead of the next parliamentary session, she will hold special meeting with members to discuss the option of raising money from the market. Sources add, the GST fitment committee has not recommended any raise on GST, even on none essential items, despite a steep decline in revenue so far. The finance ministry is of the view that if GST rates are increased on non-essential items, it will further bring down their demand and impede the overall economic recovery. Apart from that the members will also discuss the general economic scenario and state finance during lockdown.

Besides, the council may discuss waiver of late fees for non-filing of GST returns for the period August 2017 to January 2020. GST collection figures for April and May, which was held back due to extended deadline for filing returns, will be also shared during the upcoming meeting to know the exact revenue collection and to decide the future course of action.