Change in Ownership Status of GSTN to 100% Govt-owned Delayed

GST Council approved the change in GSTN ownership to 100% govt-owned in March

Gulveen Aulakh
@timesgroup.com

New Delhi: The transition of Goods and Services Tax Network (GSTN) to a government-owned entity could face a delay as some states remain lukewarm to purchasing shares owing to the additional expenditure on account of Covid-19.

The GST Council had approved the change in ownership in its last meeting held on March 14. While the changeover was to take effect from April 1, some states have yet to buy shares of the company as they have refocused their resources to fight the spread of coronavirus, said people aware of the matter.

“The proposal to make GSTN a fully government-owned company from April 1 was approved in the 39th GST Council meeting. Five-six states that were yet to buy shares by March 14 were supposed to have taken their shares by March 31, but they haven’t bought them till date,” said a senior government official, who did not wish to be identified.

The Cabinet had approved the decision to convert GSTN, incorporated on March 28, 2013, into a fully government-owned entity in September 2018.

“The central government has bought its share and it is ready to own the company, but GSTN for now continues to be privately held,” said another senior official, also requesting anonymity. The official said that for states, the focus right now is completely on restarting economic activity amid the harvest season and ensuring the Covid-19 pandemic does not spread.

Queries sent to the finance ministry and GSTN remained unanswered till press time on Friday.

The Centre holds about 24.5% equity in GSTN, with an equal amount held by all states, union territories and the Empowered Committee of State Finance Ministers. The balance 51% — which the Centre and states are buying — is held by non-government financial institutions, including LIC Housing Finance, which owns 11%, and HDFC Bank, ICICI Bank, HDIFC Ltd and NSE Strategic Investment Co, each owning about 10%.

The council had decided in May 2018 to make GSTN a fully government-owned entity as all GST processes, including registration, filing of returns, payment of taxes and processing of refunds, is done on the platform. The network handles large-scale invoice level data of thousands of business entities, including data relating to exports and imports, akin to functions that are usually conducted by the government.