

'In person' GST Council meet likely after a 16-month hiatus

Meeting by month end or next month may take up period of compensation

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The GST Council may resume its meeting in person after a gap of almost 16 months and 5 meetings. The next meeting is scheduled to take place soon.

GST Council is scheduled to meet at least once in three months. The last meeting took place on June 12 with a single agenda of relief on Covid-related items. It was also decided that a special meeting will take place on the compensation mechanism. The Council had a physical meeting last time on March 14, 2020.

A top Finance Ministry offi-

cial told *BusinessLine* that the next meeting may return to old method. "The date is being finalised. This time, we may go for a physical meeting," he said.

Compensation mechanism

On compensation mechanism, he said that imposition of cess has already been extended beyond June next year and now the issue is about till when the compensation is to be paid.

Since GST collection was affected by the pandemic, based on the deliberations in the GST Council for FY21, the Centre had borrowed ₹1.1 lakh crore under a special window and passed it on to the States as back-to-back loan to help them meet the resource gap due to short-release of compensation on account of inadequate balance in the Compensation



Fund.

The official said that for the borrowing raised so far, cess will continue to be levied till the entire borrowed amount is repaid.

"But, the big question is till when the compensation is to be paid. We feel that with improvement in compliance, more people filing returns and inversion being removed, collection will improve and that will help the States and the

UTs," he said.

Though some States are seeking payment of compensation beyond June 2022, the Centre is indicating that this may not be possible.

Along expected lines

GST collection this year has been on expected lines. After a record ₹1.40 lakh crore in April, collection dropped to ₹1.02 lakh crore in May and ₹93,000 crore in June. It jumped to ₹1.16 lakh crore in July. On Monday, Finance Minister Nirmala Sitharaman said that collection this year has improved substantially, and as a result, there are chances that the government may be able to pay compensation to States. On extending compensation beyond July 2022, she said the GST Council will decide on the issue.