

## **GST- 1st month review**

### **What is the issue?**

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- The tax collections from GST a month after its implementation is 64%, which is more than the expected government target.
- Tax collection centum has not been achieved due to the issues with filing TRAN forms.

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### **What is the present status of GST?**

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- Assuming 14 per cent growth each in 2016-17 and 2017-18 over the 2015-16 revenues of the states, their tax fund should have been more than Rs 43,000 crore for the month.
- The governments have earned Rs 92,283 crore, against the target of Rs 91,000 crore.
- This is because many businesses that were otherwise not paying taxes were coming into the net.
- Only 36% did not file returns, because there were problems in TRAN forms required to claim tax credit on pre-GST stocks.

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### **What are the TRAN forms?**

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- In order to claim ITC (Input Tax Credit), sellers have to submit input tax

credits according to the previous tax regime and then claim it under GST.

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- For that, they have to file Tran 1 and/or Tran 2 form within 90 days from the appointed date and sell old stock which they are planning to carry forward to the subsequent i.e. GST tax regime

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- Businesses are being cautious in filing TRAN-1 since it cannot be revised once submitted.

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## **What are the issues with TRAN forms?**

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- These forms are complicated and leading to delays in return filing.
- TRAN -1 is a very detailed form, which requires businesses to report input tax credit (ITC) in old returns, and unclaimed ITC on capital goods, and also report and claim ITC on stocks lying with them on June 30.

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- In the case of TRAN-2, if ITC is claimed by a trader, such benefit must be passed on to the consumer in the form of reduced prices.

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- This had confused a lot of small businesses as to what they should do about input credit on their stocks.

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**Source: Business Standard**

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