The Commissioner

Office of the Commissioner

State Goods & Services Tax Department

Tax Towers,

Thiruvananthapurarn 695002

Sir,

Sub : Representation for State Level GST Facilitation Committee Meeting.

The Cochin Chamber of Commerce and Industry, established in the year 1857, has completed 162 years of service to the region’s commerce, industry and trade – this year. This Chamber, one of the oldest in the country, is a Promoter Chamber of the Associated Chambers of Commerce and Industry of India (ASSOCHAM), New Delhi, the oldest national Chamber in the country.

We take this opportunity to appreciate the Government for interacting with stakeholders to facilitate a simpler GST regime in Kerala and thank you for the invitation to attend the meeting that was held yesterday at Trivandrum.

Based on the discussions held yesterday we believe that following issues require urgent attention and intervention :

1. **Constitution of Grievance Redressal Committees (GRC) at the Zonal/State level.**

In the 38th meeting of the GST Council held on 18.12.2019, the GST Council recommended the constitution of Grievance Redressal Committees (GRC) at the Zonal/State level with both CGST and SGST Officers while including representatives of trade and industry and other GST stakeholders (GST practitioners and GSTN etc.). These Committees are meant to address the grievances of specific/ general nature of taxpayers at the Zonal/ State level. The Government should expedite the process of appointing these Grievance Redressal Committees in the State of Kerala.

1. **Explore the possibility of a Settlement Commission**

In 2016, a Draft Model GST Law was circulated for stakeholder comments. In the model GST law, Chapter VIII proposed the establishment of a Settlement Commission which, unfortunately, did not find a place in the final version of the Bill that was placed in the Parliament. The proposed Settlement Commission sought to provide an alternate dispute resolution forum for the taxpayer thereby expediting the dispute resolution process. The Kerala Government should consider revisiting this suggestion and exerting pressure on the GST Council and the Central Government to facilitate this reform.

1. **Rationalisation and simplification of GST**

Currently there are five tax slabs under the GST framework. The Government should consider advocating for the merger of the 5%, 12% and 18% slabs and reducing the 28% to a simpler rate, thereby effectively making it a two-tier tax. According to a note shared by the Ex-Finance Minister Arun Jaitely, most items of consumer use have been brought in the 18%, 12% and 5% category. Rationalisation of the same will benefit customers and traders at large.

1. **Relaxation on Flood Cess**

The Kerala Government started levying the 1% flood cess on goods and services transacted within the State from 1st August 2019 to source Rs 1,200 crores within two years for the rebuilding process. As on 24th October 2019, the Government has sourced Rs 164.8 crores via flood cess imposition( Source : [Answer to V. S Sivakumar MLA’s Legislative Assembly question dated 29th October 2019](http://www.niyamasabha.org/codes/14kla/session_16/ans/u00432-291019-854000000000-16-14.pdf) ). However, the imposition of this cess has effectively become a huge burden on the traders and public at large. Government should consider withdrawing or relaxation of the rate to reduce the impact on the population that is still struggling to recover from the impact of floods.

1. **Address the delay in GST Refunds**

According to media reports(December 2019), a communication sent by the Director General of Analytics and Risk Management (DGARM) notes the delay in payment of GST refunds to 161 out of 245 Star Export Houses. The situation of medium and small scale players must be even more difficult. The Federation of Indian Exports Organisation has estimated that about 5,000 relatively small exporters have been denied their rightful claims which account for about 7% of MSMEs. The Government may consider extending the income tax like automatic refunds route for GST. The GST refund should be initiated based on the declaration made by the taxpayer and only those cases involving doubts and confusion should be investigated.

1. **Withdraw GST 0.1% on Exports**

The rate of GST was reduced from 18% to 0.1% for supplies of goods by manufacturers to merchant exporters to promote exports from India. However, the compliance process for claiming the refund for this 0.1 percent GST makes the life of the exporter very difficult. The Government should consider withdrawing this GST completely to facilitate ease of trading.

1. **Compliance relaxation for the Service Sector**

In the pre-GST era, service sector undertakings were permitted to obtain a centralised registration for operating multiple offices. Compliance requirement demanded them to file two returns annually. However, the new GST regime requires companies to secure separate registration in each State of operation and file two returns on a monthly basis making it difficult to operate their businesses. The Government should consider taking necessary actions to support the service sector by simplifying and rationalizing procedures.

We hope that you take our inputs into consideration on merit, before recommending changes to the GST framework in India.

Yours faithfully,

V Venugopal

President