



ABSTRACT

Goods and Services Tax – Constitution of a Committee - To study the Settlement pattern of Integrated Goods and Services Tax to the State of Tamil Nadu and its Terms of Reference – Committee under the Chairperson of Thiru Arvind Subramanian, formerly Chief Economic Adviser to Government of India with 5 Members – Constituted - Orders - Issued.

COMMERCIAL TAXES AND REGISTRATION (B1) DEPARTMENT

G.O. (Ms.) No.96

Dated:25.08.2023

Avani 8, Sobhagiruthu
Thiruvalluvar Aandu- 2054

Read:

From the Principal Secretary/Commissioner of Commercial Taxes Letter No.Rc:R1/E-1446547/2023, dated 21.07.2023 and 07.08.2023.

ORDER:

In the Goods and Services Tax (GST) regime, the revenue due to the State accrues through payment of State Goods and Services Tax (SGST) by the taxpayers and Integrated Goods and Services Tax (IGST) Settlement received from the Department of Revenue, Ministry of Finance, Government of India, based on the details furnished by the taxpayers of this State and other State taxpayers in their monthly returns filed through front-end portal.

2. Unlike VAT which comprises two components, namely, consumption tax and origin-based tax, tax realized under GST are fully based on consumption. The consumption is of two categories one by the business and another directly by the consumers in the State.

3. IGST Settlement is being made by the Government of India on the basis of three major components, (i.e.) Net of the values:-

- a. Input Tax Credit (ITC) accrued in intra-state B2B transactions adjusted by the taxpayer with tax liability arising out of inter-state transactions (B2B & B2C). (Negative to the State);
- b. ITC accrued from inter-state B2B transactions (Inward supplies) adjusted by the taxpayers with the liability arising out of intra-state transactions (B2B & B2C). (Positive to the State);
- c. ITC accrued on inter-state B2B & B2C transactions (Inward supplies) without any adjustments. (Positive to the State)

4. Post-implementation of GST, in addition to IGST by way of regular settlement, ad hoc IGST Settlements were received at different intervals from the Government of India which has been completely stopped from October 2022. Further, an analysis of the pattern of Settlement of IGST both regular and ad hoc shows that there is no proportionate increase in total IGST Settlement to the State even though there has been an increase in consumption over a period. Hence, the Principal Secretary/Commissioner of Commercial Taxes in the letter read above, has requested to form a Committee and suggested the names of the members comprising department and other areas under the chairmanship of Thiru Arvind Subramanian, former Chief Economic Adviser to Government of India to study the Settlement pattern of IGST to the State of Tamil Nadu.

5. Considering the above scenario, based on the meeting held on 17.07.2023 headed by the Principal Secretary to Government, Finance and taking into account the proposal received from the Principal Secretary/Commissioner of Commercial Taxes, the Government hereby constitute the following Committee to study the Settlement pattern of IGST to the State of Tamil Nadu with the following Terms of Reference for the Committee:-

Sl. No.	Name & Designation	Position
1.	Thiru Arvind Subramanian formerly Chief Economic Adviser to Government of India	Chairperson
2.	Thiru H. Krishnan Unni, IAS, Joint Secretary, Finance	Member
3.	Thiru M. Parameswaran Additional Commissioner (Revenue, Collection & Monitoring), O/o.PS/CCT, Chennai	Member
4.	Thiru R. Srinivasan Professor/Full Time Member, State Planning Commission, Chennai	Member
5.	Thiru K. Vaitheeswaran Advocate & Tax Consultant & Member, Advisory Council	Member
6.	Thiru. G. Natarajan Advocate & Member, Advisory Council	Member

Terms of Reference

- (i) To study how the IGST is being settled to the States and the method of Settlement.
- (ii) To study the component of IGST that affects the Settlement to Tamil Nadu when the consumption is increasing year on year.

- (iii) To study the impact of IGST over the SGST collection and vice versa in Tamil Nadu specifically when industrial production is increasing and the relation of the same.
- (iv) To identify the reasons for the difference noticed between the actual IGST Settlement made with that of IGST ITC adjusted with SGST liability as per the returns filed by the taxpayers.
- (v) To study why the ad hoc IGST that was settled till October 2022, has not been settled afterwards as there is still supply of goods and services which are made without mentioning the place of supply by the taxpayers. If such IGST is settled in any alternate way, whether it is fair to the State of Tamil Nadu?
- (vi) To recommend ways to fully capture the IGST sales (both goods and services) through digital mode where the place of supply is Tamil Nadu.
- (vii) To recommend ways to augment revenue through closer monitoring of e-commerce and Digital Services.

6. The Committee constituted in paragraph 5 above shall be treated as First Class Committee for the purpose of Payment of TA/DA.

7. This order issues with the concurrence of Finance Department vide its U.O.No.30/JS(kv)/Rev/2023, dated 25.08.2023.

(By order of the Governor)


(B. JOTHI NIRMALASAMY)
SECRETARY TO GOVERNMENT

To

The Chairperson and Members of the Committee.

The Principal Secretary/Commissioner of Commercial Taxes,
Chepauk, Chennai-5.

The Principal Secretary to Government, Finance Department, Chennai-9.
All Secretaries to Government, Chennai-9.

Copy to:

The Chief Minister's Office, Chennai-9.

The Senior Personal Assistant to Minister for Commercial Taxes and
Registration Department, Chennai-9.

The Special Personal Assistant to Minister for Finance and
Human Resources Management, Chennai-9.

The Finance (Resources-I/Revenue/FC I) Department, Chennai-9.

The Planning Development and Special Initiatives Department, Chennai-9.

The Private Personal Secretary to Principal Secretary to Government,
Chennai-9.

The Private Secretary to Chief Secretary to Government, Chennai-9.

Stock File /Spare copy.

