

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

UNSTARRED QUESTION No.1939

TO BE ANSWERED ON FRIDAY, DECEMBER 21, 2018/AGRAHAYANA 30, 1940 (SAKA)

Impact of GST and Demonetization on MSME

1939. SHRI R. DHRUVA NARAYANA:

Will the Minister of FINANCE be pleased to state:

- (a) whether introduction of Goods and Services Tax (GST) immediately after demonetization sounded death knell to Micro, Small and Medium Enterprises (MSMEs) and if so, the details thereof; and
(b) whether the Government has taken any measure to check this and if so, the details thereof?

MINISTER OF STATE FOR FINANCE

(SHRI SHIV PRATAP SHUKLA)

- (a) No Madam. GST has been implemented in the country successfully with effect from 01.07.2017. It has benefited all sectors of the economy including the MSMEs.
- (b) Based on the representations and feedback received, the GST Council has undertaken various decisions from time to time to alleviate the concerns raised by the small and medium sectors. Details of various such decisions implemented for the small and medium enterprises are placed below:
- (i) Increase in aggregate annual turnover threshold for eligibility under the composition scheme from Rs. 75 lakh to Rs. one crore for 27 States (including Jammu & Kashmir and Uttarakhand).
- (ii) Increase in the aggregate annual turnover threshold for eligibility under the Composition scheme from Rs. 50 lakh to Rs. 75 lakh for Special Category States (as specified in sub-clause (g) of clause (4) of article 279A of the Constitution) other than Jammu & Kashmir and Uttarakhand.
- (iii) Taxpayers having annual turnover of up to Rs.1.5 crore in the previous year provided with an option to file quarterly Returns (FORM GSTR-1) and taxpayers having annual turnover above Rs.1.5 crore to file monthly returns (FORM GSTR-1).
- (iv) Registered persons making supply of goods to make payment of tax on issuance of invoice and not at the time when advances are received.
- (v) Suspension of the application of reverse charge mechanism under Section 9(4) of the CGST/SGST Acts, 2017 and Section 5(4) of the IGST Act, 2017 till 30th September, 2019 for all categories of registered persons including Composition taxpayers.
- (vi) Uniform rate of tax @1% under composition scheme for manufacturers and traders. The turnover for traders will be counted only for supply of taxable goods. No change in composition scheme for restaurants sector.
- (vii) Supply of exempted services by Composition taxpayer will be allowed and the same will not be taken into account while computing the aggregate turnover.
- (viii) The amount of late fee payable by a taxpayer whose tax liability for the month was 'Nil' will be Rs.20/- per day (Rs.10/- per day each under CGST & SGST Acts) subject to maximum Rs.5000/- each under Act from October, 2017.
- (ix) The amount of late fee payable by other taxpayers will be Rs. 50/- per day (Rs. 25/- per day each under CGST & SGST Acts) subject to maximum Rs.5000/- each under Act from October, 2017.
