

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

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LOK SABHA

UNSTARRED QUESTION No.2820

TO BE ANSWERED ON FRIDAY, DECEMBER 28, 2018/PAUSHA 7, 1940 (SAKA)

GST ON INTERGOVERNMENTAL TRANSACTIONS

2820. SHRI HARIOM SINGH RATHORE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken cognizance of the demand of the Government Departments like Department of Posts, Ministry of External Affairs and Municipal Corporations on the Goods and Services Tax (GST) Rules relating to the Government to Government business and their plea to streamline the GST Rules for Intergovernmental transactions;
- (b) if so, the details of steps being taken by the Government to address the concerns of these departments; and
- (c) whether the Government will consider introducing a complete waiver of GST or streamlining of the GST filing process for the Government Departments and if so, the details thereof?

**MINISTER OF STATE FOR FINANCE
(SHRI SHIV PRATAP SHUKLA)**

- (a) & (b) Yes Madam. Based on the representations received from various Government departments, the following steps have been taken to streamline the GST Rules for inter-Governmental transactions:
 - (i) The supplies from Public Sector Undertakings (PSUs) to PSU have been exempted from the applicability of provisions relating to Tax Deduction at Source (TDS) under section 51 of the Central Goods and Services Act, 2017 (CGST Act for short) vide notification No. 61/2018-Central tax dated 5th November, 2018.
 - (ii) The Goods and Services Tax Council, in its 31st meeting held on 22nd December, 2018, has recommended exemption from TDS provisions under section 51 of the CGST Act in case of supplies made by Government Departments and Public Sector Undertakings (PSUs) to other Government Departments and PSUs.

(c) Most of the services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority are exempted from payment of GST vide notification No. 12/2017- Central Tax (Rate) dated 28th June, 2017 (as amended) with a few exceptions such as certain services provided by the Department of Posts, services of transportation of goods or passengers, etc. Further, as per the said notification, the services provided by the Government or a local authority or Governmental authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution and Panchayat under article 243G of the Constitution are also exempted from the payment of GST.

Furthermore, majority of the services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding renting of immovable property and few other services are taxable on reverse charge basis in which case the liability to pay taxes is on the recipient of such supplies. However, there is no proposal to introduce complete waiver of GST for the Government departments as on date.

Presently, the Government departments liable to register under GST are mandated to furnish the details of outward supplies in FORM GSTR-1 and the return in FORM GSTR-3B under section 37 and section 39 of the CGST Act respectively. According to section 51 of the CGST Act, the Government departments which are required to deduct tax at source from the payment made to the supplier of taxable goods or services or both in specified cases must file the return in FORM GSTR-7.

The GST Council in its 31st meeting held on 22nd December, 2018 recommended that the new model of GST return shall be launched on a trial basis from 01st April, 2019 and on a mandatory basis from 01st July, 2019. The new simplified return formats would reduce the compliance cost for the Government Departments.
