

Govt guarantee for GSTN's ₹550-crore loan from IDFC

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The GST Network (GSTN), a private body for the information technology (IT) backbone of the coming goods and services tax (GST), is to borrow ₹550 crore from IDFC Bank, interest on which will be paid by the government till the new indirect tax system is rolled out.

After that, GSTN will bear the burden of interest from the revenues it will get through user charges of the network.

"We have received the government guarantee and now the ₹550-crore loan from IDFC Bank will go through. This will be used mainly towards expenditure on salaries and payment to Infosys, our IT partner till GST is rolled out," said a GSTN official.

IDFC Bank won the bid from among 26 that had applied to offer the loan. GSTN had planned to take the loan in September till April 1, but the government approval to be a guarantor came only last week.

"With GST delayed a bit, repayment of the loan can only start after the roll-out, when revenues start flowing in. The government will bear the interest cost for delayed repayment," said the official.

GSTN has estimated the project's cost at ₹3,000 crore. That covers salaries, interest cost, security operations for five years of operation and the ongoing development period of two years. The loan is needed only till the roll-out, to develop the service and hardware. "We will start getting money the day GST is rolled out as we start providing the service," said the official.

GSTN is a non-government and private limited company, incorporated on March 28, 2013. Union and state governments equally hold 49 per cent of the equity; the other 51 per cent is private shareholding. ICICI Bank, HDFC Bank, LIC



Housing and NSE Strategic Investment Corporation hold 10 per cent each.

GSTN will provide a common platform for registration, filing returns and e-payment. It will also integrate the common GST portal with the tax administration systems of the Centre and states. It has awarded a contract worth ₹1,320 crore to Infosys for building and maintaining the technology network to implement the proposed system across the country for five years.

About 6.5 million taxpayers will be moved to the GST IT portal. By the current contract with Infosys, the number could potentially go up to 13 million.

"For now, till the loan is disbursed, we have been using the funds allocated by the government of India to GSTN," said the official.

The registration drive is on. Madhya Pradesh, Gujarat, Chhattisgarh and Rajasthan, all ruled by the Bharatiya Janata Party, as at the Centre, are leading in the migration of value-added tax (VAT) payers to GSTN. These four states have over 70 per cent of dealers enrolled.

GSTN had aimed to migrate all taxpayers of VAT, service tax and excise to the portal by end-January. It will be compulsory for dealers with annual turnover of more than ₹20 lakh to register. They may do so on the portal

Aiming to roll out GST from April 1: Jaitley

Finance Minister Arun Jaitley on Wednesday reiterated that the Centre is still aiming to roll out the goods and services tax (GST) regime from April 1, if all pending issues are ironed out. GST, which is to subsume most of central and state taxes like excise, service tax and value-added tax, needs to roll out by September 16 latest, he said. This because, under the constitutional amendment passed by Parliament for the GST implementation, some of the existing levies would expire after September 16. Jaitley said the government was aiming to implement the new sales tax from April this year. "We would want it to be implemented from April, if all issues are resolved. There is a provision for GST implementation because the constitutional amendment has been passed. It's a constitutional necessity to roll it out before September 16," he said, on the sidelines of the Vibrant Gujarat Global Summit in Gandhinagar.

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within three days, after applying for registration, sans any verification by the state government.