

TEXPROCIL

TEXPROCIL Welcomes GST Council's decision to refund accumulated Input Tax Credit on fabrics

The GST Council took a series of decisions in its 28th meeting held on 21.7.2018. Shri Ujwal Lahoti, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) said “the decisions taken by the GST Council are in the right direction which will promote growth of the textiles sector”. A very significant decision taken by the GST Council is to provide refund of accumulated input tax credit on account of the inverted duty structure to the fabrics manufacturers. “This facility will certainly lead to reduction in the prices of fabrics which in turn will make Made ups and Garments competitive in the export markets”, said Shri Lahoti. The Chairman, TEXPROCIL thanked Smt Smriti Zubin Irani, Hon'ble Union Textile Minister and Shri Piyush Goyal, Hon'ble Union Minister for Railways, Coal, Finance & Corporate Affairs for this very important decision which will go a long way in the growth and development of the textiles sector and will make India a global trading hub for fabrics.

The GST Council has reduced the GST rates on certain textiles items like Chenille fabrics, Handmade lace, Hand-woven tapestries, Hand-made braids and ornamental trimming in the piece, Handmade carpets and other handmade textile floor coverings etc from 12% to 5%. According to Shri Lahoti, the reduction in the GST rates will give a boost to the SME sector as these products are mainly manufactured in this sector.

The GST Council also simplified the tax filing for 93 % of the assesses by raising the annual turnover threshold under which businesses can file quarterly returns from Rs 1.5 crores to 5 crores. Certain decisions have been taken which will lead to procedural simplifications. Another significant change was the deferment of the reverse charge mechanism till September 2019. Shri Ujwal Lahoti complimented the GST Council for the overall direction to lower rates and ensure ease of compliance.

However, there are some areas , pointed out Shri Lahoti, which need to be addressed such as the refund of Input Tax Credits related to Capital Goods on exports, payment of IGST on exports in the case of domestic procurements under deemed exports, refund of transitional credits on exports etc. The Chairman, TEXPROCIL said if these issues are also addressed, most of the problems faced by the textiles sector will get resolved.