

# Centre, states will pay GST Network costs

Revenue model of Rs 55 a month per assessee, with govts to split bill; will get Rs 550 cr this year  
Dilasha Seth | New Delhi June 27, 2017 Last Updated at 01:06 IST

Filing a [tax](#) return on the Goods and Services [Tax Network](#) (GSTN) portal by an entity will cost Rs 55 a month but the [state](#) will bear this burden. The user charge for all eight million



taxpayers will be borne by the Union and the [state](#) governments, to keep revenue flowing for GSTN, the company charged with providing the information technology (IT) backbone for the reform, without burdening the assesseees.

GST is set to be rolled out from Friday and will absorb a slew of indirect taxes — including service tax, central excise, value added tax, central sales [tax](#) and octroi.

GSTN, officially a private body ([it](#) was formed at the government's behest and support), has estimated the total cost of the project at Rs 3,000 crore. That covers salaries, interest cost, security operations for five years of operation and the ongoing development period of two years. [It](#) awarded a contract worth Rs 1,320 crore to Infosys for building and maintain the [IT](#) network, crucial for implementing the proposed system across the country, for five years.

GSTN's job is to provide a common platform for registration, a filing of returns and e-payment. [It](#) will also integrate the common GST portal with the [tax](#) administration systems of [Centre](#) and states.

The [Centre](#) and states will pay Rs 550 crore to [GSTN](#) for the expenses incurred this financial year. The budget proposal was approved by the GST Council in its recent meeting. "We will get money on a per-taxpayer basis for all the cost we are incurring and other expenses that will come up. We have worked out the per-taxpayer cost," said Navin Kumar, chairman, [GSTN](#).

[It](#) had earlier proposed to charge a user fee for filing a return using the portal. The government rejected the proposal. 'The government disagreed as taxpayers have never been charged anything for filing a return. [It](#) asked for the number of taxpayers and said they will pay,' said Kumar.

The cost of each taxpayer will be split between the Centre and states on a monthly basis. The cost per state will be calculated on the basis of the number of taxpayers in that state and will be shared with the Centre. With that, the Centre will pay the GSTN a little over Rs 23 crore a month.

The total cost was arrived by taking into account the slightly over eight million taxpayers. "Using the same formula, we will calculate the cost for next year as well," said Kumar.

The Rs 550 crore revenue will go towards repaying a Rs 550 crore loan from IDFC and to pay, Infosys, besides salaries for the staff. The GSTN had taken the term loan earlier this year and will further take a working capital loan. The government has provided a guarantee for the loan, used for developing the service and hardware.

The loan is needed only till rollout of the portal. The revenue model of charging on a per-user basis will help it sustain afterwards.

GSTN was incorporated at end-March 2013, as a private limited company, with government shareholding of 49 per cent and private shareholding of 51 per cent. ICICI Bank, HDFC Bank, LIC Housing and NSE Strategic Investment Corporation hold at least 10 per cent stake each. The other 49 per cent is held by the central and state governments, each holding 24.5 per cent.

About 6.6 million taxpayers have already migrated to the GST portal and received provisional identification. The window for migrating was earlier closed for a while; it reopened for new taxpayers last week. It is compulsory for dealers with an annual turnover of more than Rs 20 lakh to register.