

GST Network:

- Goods and Services Tax Network (GSTN) is a Section 8 (under new companies Act, not for profit companies are governed under section 8), non-Government, private limited company.
- It was incorporated on March 28, 2013.
- The Government of India holds 24.5% equity in GSTN and all States of the Indian Union, including NCT of Delhi and Puducherry, and the Empowered Committee of State Finance Ministers (EC), together hold another 24.5%.
- Balance 51% equity is with non-Government financial institutions.
- The Company has been set up primarily to provide IT infrastructure and services to the Central and State Governments, tax payers and other stakeholders for implementation of the Goods and Services Tax (GST).
- The Authorised Capital of the company is Rs. 10,00,00,000 (Rupees ten crore only).

GST Network was registered as a non-government, not-for-profit, private limited company under section 8 of the Companies Act 1956 with the following equity structure:

- Central Government 24.5%
- State Governments & EC 24.5%
- HDFC 10%
- HDFC Bank 10%
- ICICI Bank 10%
- NSE Strategic Investment Co 10%
- LIC Housing Finance Ltd 11%

Strategic Control of Government

Several measures of strategic control of Government over GSTN have been envisaged. These are explained below:

1. Strategic control through Board of Directors (BOD):

The Articles of Association (AOA) of GSTN provide that matters of strategic importance will be decided by the Board of Directors and that the Chairman of the Board will have casting/ second vote where Directors are equally divided over any issue in Board meeting.

2. Strategic Control through Special Resolution:

The AOA of GSTN provides that certain matters of strategic importance shall be decided only through Special Resolution (i.e. three fourth (3/4) of the shareholders voting must vote in favour of such matters).

Government's 49% shareholding will ensure that it retains effective control over such matters.

3. Strategic control through Shareholders Agreement:

An agreement amongst all shareholders of GSTN SPV may provide that till the time Government holds certain threshold of shares in GSTN SPV, specific matters of strategic importance shall not be decided upon without the affirmative vote of the Government.

4. Placement of personnel on deputation in the GSTN SPV:

Strategic Control is being ensured also through deputation of Government officials in the GSTN, at both leadership as well as operational levels. Services Division of GSTN, which is responsible for defining business processes, approving the modules and monitoring the outcomes is managed primarily by Government officers drawn from Central and State Tax Departments. GSTN has two officers of CBEC, eight officers from State Commercial Tax Departments, one officer of Indian Audit and Accounts Service and one officer from central government working on deputation.

5. Agreements between Government and GSTN SPV:

Control over strategic matters could be exercised by Government by incorporating suitable provisions in the Agreement governing service delivery to be executed between Government and GSTN.