

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

RAJYA SABHA

UNSTARRED QUESTION NO. 2771

TO BE ANSWERED ON TUESDAY THE 20TH MARCH , 2018
PHALGUNA 29, 1939 (SAKA)

STATES EXEMPTED FROM TAX REFUND AFTER GST

2771. SHRI V. VIJAYASAI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that North Eastern and hilly States have been exempted from tax refund till March, 2027 even after GST came into force;

(b) if so, under which Section the above exemption has been granted to above States; and

(c) how many industries are likely to be benefited and how much Government of India has to forego as tax in view of exemptions?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)**

(a) and (b) : No exemption has been provided to North Eastern and Hilly States under GST. The GST Council in the meeting held on 30.09.2016, had decided that all entities exempted from payment of indirect tax under the then existing tax incentive scheme shall pay tax in the GST regime. It was also decided that the decision to continue with any incentive given to specific industries in existing industrial policies of States or through any schemes of the Central Government, shall be with the concerned State or Central Government and in case the State or Central Government decides to continue any existing exemption/incentive/deferral scheme, then it shall be administered by way of a reimbursement mechanism through the budgetary route, the modalities for which shall be worked out by the concerned State/Centre.

(c) : Central Government, w.e.f. 01.07.2017, has notified a scheme for grant of budgetary support to the eligible units which were availing exemption or refund benefit, for the residual period of exemption under erstwhile Central Excise regime. The support under the scheme will be equal to the share of Central Government of CGST/IGST paid by the unit after utilisation of credit of Central and Integrated Tax.
