GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION NO-20
ANSWERED ON-30/11/2021

GST COMPENSATION AFTER 2022

20. DR. V. SIVADASAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware of the fact that the projected growth rate of revenue subsumed for the States during the transition date, which is 14%, is not attained by any State;

(b) if so, whether Government intends to provide the GST compensation after 2022; and

(c) if not the reasons therefor?

ANSWER

THE MINISTER OF FINANCE
(MS. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 20 FOR ANSWER ON 30TH NOVEMBER, 2021

(a) to (c): As per Section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for a period of five years from the date of implementation of GST. During transition period, the States' revenue is protected at 14% per annum over the base year revenue of 2015-16. Central Government is committed for GST compensation to States/UTs for 5 years as per the Constitutional provision.

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