

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

RAJYA SABHA
UNSTARRED QUESTION NO. 559
ANSWERED ON-25/07/2023
GST COMPENSATION TO STATES

559. SHRI RAJEEV SHUKLA:

Will the Minister of FINANCE be pleased to state:-

- (a) whether Government intends to extend the tenure of the GST compensation to States amidst the recent financial constraints in the backdrop of the pandemic;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor;
- (d) whether Government is taking measures to expedite the payment of pending dues in this respect;
- (e) if so, the details thereof; and
- (f) the proposed measures to be taken in this regard?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (f):- As per section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, compensation to the States for loss of revenue arising on account of implementation of the goods and services tax is payable for a period of five years. 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 payment of GST compensation to States/UTs for five years as per law enacted by the Parliament according to the Constitutional provision.

As per the provisions of section 7(2) of Goods and Services Tax (Compensation to States) Act, 2017, enacted by Parliament, the compensation payable to a State shall be provisionally calculated and released at the end of every two months period, and shall be finally calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. Government of India has already released the entire amount of provisionally admissible GST compensation to the States/UTs for loss of revenue arising on account of implementation of Goods and Services Tax for five years i.e., from 1st July, 2017 to 30th June, 2022. Final Compensation arising out of reconciliation of provisional figures with audited figures is released immediately as and when the AG's certificate is received.
