

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO-1015
ANSWERED ON – 12.12.2023

TAX BURDEN ON TOBACCO PRODUCTS

1015 # SHRI RAJENDRA GEHLOT:

Will the Minister of Finance be pleased to state:

- (a) the details of the current tax burden on beedis, cigarettes and smokeless tobacco products in the country;
- (b) whether Government has received any recommendation from any State to increase the compensation cess on tobacco products, if so, the details thereof, State-wise; and
- (c) whether Government has taken any action on the proposals received from the States, if so, the details thereof?

ANSWER

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

(a): Tobacco products such as cigarettes, chewing tobacco, gutkha, etc. attract GST, Compensation Cess, Basic Excise Duty and National Calamity Contingent Duty (NCCD), while Beedis attract GST, Basic Excise Duty and National Calamity Contingent Duty (NCCD) as per the details in the Table below:

Tax/Duty/Cess	Details
GST	Tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. attract GST at the highest rate of 28%
Compensation Cess	Compensation Cess is leviable on specified tobacco products such as chewing tobacco, gutkha, etc., other than with declared retail sale price, cigarettes, among others, at varying ad valorem rate ranging from 5% to 290% and/or specific rate, on products like cigars, cigarettes, etc. ranging from Rs. 2076 per thousand to Rs. 4170 per thousand. Further, the Compensation Cess rate levied on specified commodities like gutkha, chewing tobacco, smoking mixtures for pipes and cigarettes, etc., with declared retail sale price, has been linked to retail sale price and is leviable at a rate ranging from 8% to 69% of retail sale price.
Basic Excise Duty	Basic Excise Duty is leviable on specified tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. at varying ad valorem rate ranging from 0.5% to 1% or specific rate ranging from 5 paise per thousand to Rs. 10 per thousand.

National Calamity Contingent Duty (NCCD)	National Calamity Contingent Duty (NCCD) is leviable on specified tobacco products such as beedis, cigarettes, chewing tobacco, gutkha, etc. at varying <i>ad valorem</i> rate ranging from 25% to 60% or specific rate ranging from Rs. 1 per thousand to Rs. 850 per thousand.
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(b): In the recent past, representations have been forwarded by States of Punjab, Chhattisgarh and Haryana, wherein it has been proposed to increase the applicable rate of Compensation Cess on tobacco products like cigarettes and smokeless tobacco products.

(c): GST rates and Compensation Cess rates are prescribed on the recommendation of the GST Council, which is a constitutional body comprising of representatives of States/UTs and Centre. The proposal was placed before the GST Council in its 52nd Meeting, held on 07.10.2023, and the GST Council recommended to maintain *status quo*.
