

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**  
**UN-STARRED QUESTION NO. 879**  
ANSWERED ON- 30/07/2024

CHANGES IN GST LAW

879 DR. ASHOK KUMAR MITTAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has maintained stable personal income tax rates during the last five years, if so, the details thereof ;
- (b) the key changes made, if any, in replacing GST laws with a GST 2.0 regime based on a single, moderate rate;
- (c) whether the GST Council has been re-designed to be final authority on policy and GST matters; and
- (d) the specifics of any significant tax relief provided to shopkeepers and small retail businesses facing competition from online businesses?

**ANSWER**

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

- (a): The details of personal income tax rates during the last five years may be seen at Annexure 'A'
- (b): Changes in GST rates are made on the recommendations of the GST Council which is a constitutional body having representatives of both the Centre and the States. There is no such recommendation of the GST Council.
- (c): The GST Council is a constitutional body constituted subsequent to One Hundred and First Amendment Act, 2016 of the Indian Constitution for bringing into force Article 279A of the Constitution. As per Article 279A (4) of the Constitution the GST Council shall make recommendations to the Union and States on:
  - (a) the taxes, cesses and surcharges levied by the Union, the states and the local bodies which may be subsumed in the goods and services tax;
  - (b) the goods and services that may be subjected to, or exempted from, the goods and services tax;
  - (c) model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
  - (d) the threshold limit of turnover below which goods and services may be exempted from goods and services tax;
  - (e) the rates including floor rates with bands of goods and services tax;

- (f) any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
  - (g) special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
  - (h) any other matter relating to the goods and services tax, as the Council may decide.
- (d): The following benefits have been provided to small businesses:-
- i. Passenger transport services provided by metered cabs, auto rickshaws, e-rickshaws, non-air-conditioned contract carriage (other than other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire) and stage carriage are exempt from GST. However, these services are taxable when provided through an electronic commerce operator.
  - ii. Under GST, services providers having turnover below 20 lakhs are not required to register or pay GST on services supplied by them (Rs.10 lakhs for the states of Manipur, Mizoram, Nagaland and Tripura). However, in case of certain services like housekeeping, plumbing, carpentering, hotel accommodation etc., when supplied through electronic commerce operator, benefit of threshold exemption is not available and the electronic commerce operator is liable to pay GST on said services.
  - iii. No registration is required for intra-state supply of goods upto Rs. 40 lakh in a year (Rs. 20 lakh in the states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand).
  - iv. Composition scheme has been formulated for small businessmen being supplier of goods and supplier of restaurant services. Under the scheme, person with turnover up to Rs. 1.5 crore (Rs. 75 lakhs in States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay tax equal to 1% (in case of supplier of goods) or 5% (in case of supplier of restaurant services) on his turnover and needs to file his returns annually with quarterly payment of tax. Such taxpayers do not have to maintain elaborate accounts and records and instead of monthly statements and returns, they are required to file only one return on annual basis.
  - v. Composition scheme has also been formulated for supplier of services (other than restaurant services) from F.Y. 2019-2020. Under the scheme, person with turnover up to Rs. 50 lakhs needs to pay tax equal to 6% on his turnover and needs to file his returns annually with quarterly payment of tax.
  - vi. QRMP (Quarterly Return, Monthly Payment) Scheme: QRMP scheme has been launched with effect from 01.01.2021 under which registered persons having aggregate turnover up to five (5) crore rupees are allowed to furnish return on quarterly basis along with monthly payment of tax.

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**Personal income-tax rates under old tax regime**

For assessment year (AY) 2021-22 to 2025-26, the personal income-tax rates for individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, 1961 (the Act), is as under :-

<b>Sl.No.</b>	<b>Income-Slab</b>	<b>Income-tax Rate</b>
1.	Up to 2,50,000	0 %
2.	From 2,50,001 to 5,00,000	10%
3.	From 5,00,001 to 10,00,000	20%
4.	Above 10,00,000	30%

1.1 Section 87A of the Act provides for rebate of income-tax in case of resident individuals. Rebate of 100% of income-tax or Rs. 12,500/- whichever is less, is available to individuals resident in India, whose income does not exceed Rs. 5 lakh.

**New tax regime**

2. For AY 2021-22 to 2023-24, Finance Act, 2020 introduced a concessional taxation regime under section 115BAC for individual and HUF taxpayers by providing them an option to pay income-tax at the following lower slab rates, if they do not avail specified exemption or deduction:-

<b>Sl. No.</b>	<b>Total Income (Rs)</b>	<b>Rate of tax u/s 115BAC(1)</b>
1.	Up to 2,50,000	Nil
2.	From 2,50,001 to 5,00,000	5%
3.	From 5,00,001 to 7,50,000	10%
4.	From 7,50,001 to 10,00,000	15%
5.	From 10,00,001 to 12,50,000	20%
6.	From 12,50,001 to 15,00,000	25%
7.	Above 15,00,000	30%

2.1 Rebate u/s 87A as detailed in para 1.1 above, continued to be available under this new regime.

3. With effect from AY 2024-25, this new tax regime was extended to association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2. It was also made default regime, rates were further reduced, rebate u/s 87A was enhanced etc.

Details are as under:-

3.1 The tax rates in the new tax regime provided under sub-section (1A) of section 115BAC of the Act, as under:-

<b>Sl. No.</b>	<b>Total income</b>	<b>Rate of tax u/s 115BAC(1A)</b>
1.	Up to Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 6,00,000	5%
3.	From Rs. 6,00,001 to Rs.9,00,000	10%
4.	From Rs. 9,00,001 to Rs. 12,00,000	15%
5.	From Rs. 12,00,001 to Rs. 15,00,000	20%
6.	Above Rs. 15,00,000	30%

3.2 Rebate of 100% of income-tax or Rs. 25,000/- whichever is less, is available to individuals resident in India, whose income is chargeable to tax under sub-section (1A) of section 115BAC and does not exceed Rs. 7 lakh. Marginal relief is also provided to those resident individuals who have income marginally above Rs. 7 lakh under sub-section (1A) of section 115BAC.

3.3 Surcharge on the income or aggregate of income of these persons, availing the new tax regime (excluding income by way of dividend or income under the provisions of sections 111A, 112 and 112A of the Act) exceeding five crore rupees, is restricted to 25% (instead of 37% that is applicable under old regime).

4. With effect from assessment year 2025-26, Finance (No. 2) Bill, 2024 has now proposed further changes in the slab structure in the new regime under the proposed clause (ii) of sub-section (1A) of section 115BAC of the Act as under:—

<b>Sl. No.</b>	<b>Total income</b>	<b>Proposed rate of tax u/s 115BAC(1A)(ii) from AY 2025-26 onwards</b>
1.	Up to Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 7,00,000	5%
3.	From Rs. 7,00,001 to Rs. 10,00,000	10%
4.	From Rs. 10,00,001 to Rs. 12,00,000	15%
5.	From Rs. 12,00,001 to Rs. 15,00,000	20%
6.	Above Rs. 15,00,000	30%

5. It may be noted that in case of shopkeepers and small retail businesses, which have income under the head “Profits and gains of business or profession”, upto Rs. 7 lakh, are not taxable under the new tax regime and marginal relief is available on incomes marginally higher than Rs. 7 lakh. Thus substantial relief continues to be provided as earlier.