

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO-2469
ANSWERED ON – 17.12.2024

INCREASE OF TAXES ON TOBACCO PRODUCTS

2469. SHRI BHUBANESWAR KALITA:

Will the Minister of **FINANCE** be pleased to state:-

- (a) whether Government is planning to consider the recommendations of Parliamentary Committee on Health & Family Welfare to increase taxes on tobacco products;
- (b) if so, the action taken by Government to increase the taxes; and
- (c) whether the additional revenue on the taxes will be utilized for cancer prevention?

ANSWER

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

(a) and (b): Tobacco products are subject to GST, Compensation Cess and Central Excise duty. GST rates are prescribed on the recommendations of the GST Council which is a constitutional body comprising representatives from States/UTs and Centre. The Compensation Cess levied on certain tobacco products, such as chewing tobacco, gutkha etc, was changed from ad valorem tax to specific tax-based levy, linked to retail sale price where required to be declared, to ensure collection of the tax at the first stage (manufacturer level) based on the recommendations of the 49th GST Council. At present there is no recommendation of the GST Council to increase the GST or Compensation Cess rate on tobacco products.

As regards Central Excise duty, in the Union Budget 2023-24, the rate of National Calamity Contingent Duty (NCCD) levied as a duty of excise was increased on specified cigarettes by about 16%.

(c): Taxes collected from tobacco, similar to taxes collected from other sources, together form part of the overall Gross Tax Revenues (GTR) of the Government of India and are used to fund all schemes and programmes of the Government.
