

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION NO *80
ANSWERED ON – 11.02.2025

GST CLASSIFICATION AND TAXATION

*80. SHRI MOHAMMED NADIMUL HAQUE:

Will the Minister of **Finance** be pleased to state:

- (a) whether Government has conducted any studies or statistical analysis to justify the movement of commodities between different GST slabs based on their perceived-use characteristics, if so, the details thereof; and
- (b) whether steps have been taken to reduce arbitrariness and ensure a uniform taxation policy within a four-digit HSN code classification?

ANSWER

MINISTER OF FINANCE
SHRIMATI NIRMALA SITHARAMAN

(a) to (b): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO. 80 RAISED BY SHRI MOHAMMED NADIMUL HAQUE FOR 11TH FEBRUARY, 2025, ON GST CLASSIFICATION AND TAXATION:

(a) & (b): As per Article 279A (4) of the Constitution of India, the GST Council shall make recommendations to the Union and the States, on rates, including floor rates with bands of goods and service tax. Thus, the GST rates are notified by the Government based on the recommendations of the GST Council which comprises of representatives of the Union and State/UT Governments. In its 45th meeting held on 17th September, 2021 the GST Council has constituted a Group of Ministers (GoM) on Rate Rationalization. The terms of reference of the GoM are as follows:

- (i) review the supply of goods and services exempt under GST with an objective to expand the tax base and eliminate breaking of ITC chain;*
- (ii) review the instances of inverted duty structure other than where Council has already taken a decision to correct the inverted structure and recommend suitable rates to eliminate inverted duty structure as far as possible so as to minimize instances of refund due to inverted duty structure;*
- (iii) review the current tax slab rates and recommend changes in the same as may be needed to garner required resources; and*
- (iv) review the current rate slab structure of GST, including special rates, and recommend rationalization measures, including merger of tax rate slabs, required for a simpler rate structure in GST.*

The GoM on Rate Rationalization submitted its Interim Report on correction of inverted duty structure and review of GST exemptions which was placed before the GST Council in the 47th meetings of the GST Council held on 28.06.2022 and 29.06.2022. Based on the Interim Report, the tax rates were revised on a number of goods and services. Certain exemptions were also withdrawn on both goods and services. The GoM on Rate Rationalization has not submitted its Final Report.
