

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

UNSTARRED QUESTION NO. 1744

TO BE ANSWERED ON FRIDAY, THE 25th NOVEMBER, 2016

4 Agrahayana, 1938 (SAKA)

Inflationary Impact of Higher State Sales Tax

**1744:SHRIMATI RAMA DEVI:
:SHRI HARISHCHANDRA CHAVAN:**

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

- (a) whether the Government has issued advisory to States/ UTs from time to time on the inflationary impact of higher State Sales Tax on basic petroleum products;
- (b) if so, the details thereof; and
- (c) the outcome thereon?

ANSWER

MINISTER OF STATE IN MINISTRY OF FINANCE

(SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): Sales Tax being a tax on purchase or sale of goods within a State, is purely State matter by virtue of Entry 54 of the List-II (State List) of Seventh Schedule of the Constitution wherein State Governments have sovereign power to make tax laws. Moreover, in the recent past, no such request has been made to State Government to reduce State level taxes on Diesel, Kerosene and Domestic LPG. However, at the time of increases in price of Diesel, PDS Kerosene and Domestic LPG in June 2011, the Union Government had requested State Governments to reduce the State levies. In response, 17 State Governments had reduced State VAT/ Sales tax on Diesel/PDS Kerosene/ Domestic LPG.
