

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

**LOK SABHA
UNSTARRED QUESTION NO. 1275**

TO BE ANSWERED ON FRIDAY, THE 22ND DECEMBER, 2017

1 PAUSHA, 1939 (SAKA)

GST Compensation to States

1275: SHRI KODIKUNNIL SURESH

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

- (a) the details of present status of implementation of Goods and Services Tax (GST) in the country along with its impact on the tax collections;
- (b) whether the Government has made any pre and post impact assessment of GST and if so, the details thereof; and
- (c) the details of the policy of the Government to compensate the states which are badly performing in GST collection?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI SHIV PRATAP SHUKLA)

(a): Central Goods and Services Tax (CGST) Act, 2017, Integrated Goods and Services Tax (IGST) Act, 2017, Union territory Goods and Services Tax (UTGST) Act, 2017 and Goods and Services Tax (Compensation to States) Act, 2017 were passed by the Parliament and since been notified on 12th April, 2017. The GST rate for goods have also been notified and for convenience, goods have been organised rate-wise in schedules I to VII. Rules on registration, payment, return, refund, invoice, composition levy, input tax credit, transitional provisions and valuation have also been notified. The Government has been taking many proactive measures to ensure smooth implementation of GST. Few of such measures are given as below:

- (i) Seva Kendras are set up in each GST office to guide the taxpayers.
- (ii) Both Centre and State Governments have set up GST helpline service to redress the grievances of the taxpayers.
- (iii) The Centre Government has also launched an app called GST Rate Finder, which is ready reckoner for all the tax rates that are to be levied under GST.
- (iv) The officers in the rank of Joint secretaries were appointed as nodal officers for every district to monitor the implementation of the GST and get the feed-back from the taxpayers.
- (v) The National Anti-Profitteering Authority has been constituted to monitor cases of not passing of benefits of reduction in GST rates to customers.

It has been just five months since implementation of GST from 1st July, 2017. On the basis of the feedback received from all the stakeholders, rules, procedures, tax slabs etc. are revised periodically on the recommendations of the GST Council. Therefore, it is too early to assess the impact of GST on tax collection.

(b): The Government has been taking feedback from various stakeholders like associations of commerce and industry, tax practitioners and consumers on implementation of various aspects of GST relating to rationalization of tax rate structure and simplification of various processes from time to time. The same have been considered by the GST Council in its various meetings and as per Council's recommendation, a number of notifications relating to changes in GST rate structure under provisions of relevant sections of Central Goods and Services Tax (CGST) Act, Union territory Goods and Services Tax (UTGST) Act and Integrated Goods and Services Tax (IGST) Act have been issued. Besides, amendments have also been carried out in Rules for simplification of various procedures.

(c): As per provisions of Goods and Services Tax (Compensation to States) Act, 2017, Central Government will compensate to the States for the loss of revenue arising on account of implementation of the GST for five years w.e.f. 01.07.2017. To generate resources for the above purpose, a cess over the peak rate of 28% on certain specified luxury and demerit goods, like tobacco and tobacco products, pan masala, aerated waters, motor vehicles, have been imposed for a period of five years. Accordingly, GST Compensation of Rs. 24500 crore has been released to States for period from July to October, 2017 on bimonthly basis.
