

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

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**LOK SABHA**

**UNSTARRED QUESTION NO.2969**

**TO BE ANSWERED ON FRIDAY THE 03<sup>RD</sup> AUGUST, 2018**  
**SHRAVANA 12, 1940 (SAKA)**

**GST ON EATERIES AND SMALL TRADERS**

**2969. PROF. PREM SINGH CHANDUMAJRA:  
SHRI BHOLA SINGH:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made large scale changes in Goods and Services Tax (GST) including reduction of GST rates on eateries and flat rates for small traders as suggested by the States;
- (b) if so, the details thereof and the benefits to accrue therefrom;
- (c) whether this move would lower the tax collection in the country; and
- (d) if so, the details thereof and the steps proposed to cover this deficit?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI SHIV PRATAP SHUKLA)**

**(a):** Yes. Changes have been made in GST Law and rates of taxation from time to time in various GST Council meetings including reduction of GST rates on eateries and flat rates for small traders. These changes have been made to improve ease of doing business and to make goods and services affordable to the common man.

**(b):** Till 1st August, 2018, changes in GST Law and rate structure have been notified through following number of notifications issued under CGST Act, IGST Act, UTGST Act and GST (Compensation to States) Act:-

<b>Year</b>	<b>2017</b>	<b>2018</b>
Central Tax	75	30
Central Tax (Rate)	47	21
Integrated Tax	12	01
Integrated Tax (Rate)	50	22
Compensation Cess	01	00
Compensation Cess (Rate)	07	02

Corresponding notifications have been issued by the States under the respective SGST Acts. These notifications are available on the e-gazette of Govt. of India.

Specific to eateries and small traders, in the 23rd GST Council Meeting held on 10th November at Guwahati, Assam, for Agenda item 9, the Council approved the following:-

1. All stand-alone restaurants irrespective of being air conditioned or otherwise, shall attract tax at the rate of 5% without input tax credit. Food parcels (or takeaways) from restaurants shall also attract tax at the rate of 5% without input tax credit.
2. To levy a uniform rate of tax at the rate of 1% under composition scheme for manufacturers and traders. The turnover for traders shall be counted only for supply of taxable goods.

Such reduction in tax rates on eateries and small traders led to reduction in compliance burden on taxpayers leading to voluntary compliance and expansion of tax base. The amount paid by customers in the eateries has decreased due to reduced GST and has benefitted the consumers in general.

**(c) and (d):** No. The estimated revenue loss of reducing the tax rate for restaurants from 18% to 5% without input tax credit would be about Rs. 5,000 crores. The gross GST revenue collection in the month of June 2018 is Rs. 95,610 crore whereas monthly average of GST collection in the last financial year was Rs. 89,885 crore. Therefore, GST revenue collection is improving in the FY 2018-19.

Hence, the move has not lowered the tax collection in the country.

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