

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

LOK SABHA

UNSTARRED QUESTION NO.358

TO BE ANSWERED ON MONDAY THE 24TH JUNE, 2019
ASHADHA 3, 1941 (SAKA)

ENTERTAINMENT TAX

358. SHRI JAYADEV GALLA:

Will the Minister of FINANCE be pleased to state:

(a) whether the entertainment tax levied by the State Governments has been subsumed in Goods and Services Tax (GST) but local bodies have been allowed to levy entertainment tax along with GST;

(b) if so, the details thereof along with the reasons therefor;

(c) whether the Government is aware that such multiplicity of taxes is impacting cinema exhibitions and tax amounting to as much as 48 percent in some cities and associations have been demanding to set-off Local Body Entertainment Tax;

(d) if so, whether any consultations have been held with the GST Council to bring it down; and

(e) if so, the outcome of the same?

ANSWER

MINISTER OF FINANCE
(Ms. NIRMALA SITHARAMAN)

(a): Yes, sir. The entertainment tax levied by the State Governments has been subsumed in Goods and Service Tax (GST). However, the Constitution allows State governments to make laws with respect to “taxes on entertainments and amusements to the extent levied and collected by a Panchayat or a Municipality or a Regional Council or a District Council” [Entry 62 of List II in the 7th Schedule of the Constitution]

(b): The reason for the same is to leave some fiscal space of taxation for the local bodies.

(c): Levy of taxes on entertainments and amusements by local bodies is a State subject. The details of entertainment tax levied by State Governments are not available with the Union Government.

(d): Yes, sir. Detailed deliberations on the issue of reduction of tax on entertainment industry were held in the 14th GST Council meeting on 19.05.2017, 16th GST Council meeting held on 11.06.2017 and 31st GST Council meeting held on 22.12.2018.

(e): The 31st GST Council meeting held on 22.12.2018 has reduced GST rate on cinema tickets from 28% to 18%(if ticket price is more than Rs 100) and from 18% to 12%(if tickets price is less than Rs 100). As stated in reply to part (c), the change in tax rates levied by local bodies are not available with the Union Government.
