

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

LOK SABHA

STARRED QUESTION NO. *260

TO BE ANSWERED ON MONDAY, AUGUST 7, 2023/SRAVANA 16, 1945 (SAKA)

CESS ON TOBACCO PRODUCTS

***260. SHRI DHARAMBIR SINGH:**

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

- (a) whether the increase in cess on tobacco products has been kept in abeyance for more than last five years;
- (b) if so, the details thereof;
- (c) whether the Government plans any GST Council Session to deliberate on rate of rationalization; and
- (d) if so, the details thereof?

ANSWER

**MINISTER OF FINANCE
SHRIMATI NIRMALA SITHARAMAN**

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

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 260 RAISED BY SHRI DHARAMBIR SINGH FOR 07th AUGUST, 2023, ON CESS ON TOBACCO PRODUCTS:

(a) to (d): The GST Council, in its 42nd Meeting, held in October 2020, decided to constitute a Group of Ministers (GoM) to discuss and analyze the issues pertaining to the Capacity based taxation on Pan Masala, Reverse Charge Mechanism in mentha oil, special composition scheme on brick kilns, etc. Accordingly, a Group of Ministers (GoM) on Capacity-based Taxation and Special Composition Scheme in Certain Sectors in GST had been constituted on 24.05.2021. The GoM submitted its Final Report to the GST Council in its 49th Meeting. GST rates and Compensation Cess rates are prescribed on the recommendation of the GST Council, which is a constitutional body comprising of representatives of States/UTs and Centre. On the basis of the recommendation of the GST Council in its 49th and 50th Meeting, the rate of Compensation Cess levied on specified commodities like pan masala, gutkha, chewing tobacco, etc. with declared retail sale price have been revised. Details are placed in the Annexure. There is no further recommendation from the GST Council in this regard.

Annexure

Heading / Subheading / Tariff item	Description of Goods	Applicable rate for commodities with declared retail sale price (per unit)	Applicable rate for commodities other than with declared retail sale price
2106 90 20	Pan Masala	0.32R	60%
2401	Unmanufactured tobacco (without lime tube) – bearing a brand name	0.36R	71%
2401	Unmanufactured tobacco (with lime tube) – bearing a brand name	0.36R	65%
2401 30 00	Tobacco refuse, bearing a brand name	0.32R	61%
2403 11 10	Hookah or gudaku tobacco bearing a brand name	0.36R	72%
2403 11 10	Tobacco used for smoking 'hookah' or 'chilam' commonly known as 'hookah' tobacco or 'gudaku', not bearing a brand name	0.12R	17%
2403 11 90	Other water pipe smoking tobacco, not bearing a brand name	0.08R	11%
2403 19 10	Smoking mixtures for pipes and cigarettes	0.69R	290%
2403 19 90	Other smoking tobacco bearing a brand name	0.28R	49%
2403 19 90	Other smoking tobacco not bearing a brand name	0.08R	11%
2403 91 00	“Homogenised” or “reconstituted” tobacco, bearing a brand name	0.36R	72%
2403 99 10	Chewing tobacco (without lime tube)	0.56R	160%
2403 99 10	Chewing tobacco (with lime tube)	0.56R	142%
2403 99 10	Filter khaini	0.56R	160%
2403 99 20	Preparations containing chewing tobacco	0.36R	72%
2403 99 30	Jarda scented tobacco	0.56R	160%
2403 99 40	Snuff	0.36R	72%
2403 99 50	Preparations containing snuff	0.36R	72%
2403 99 60	Tobacco extracts and essence, bearing a brand name	0.36R	72%
2403 99 60	Tobacco extracts and essence, not bearing a brand name	0.36R	65%
2403 99 70	Cut tobacco	0.14R	20%
2403 99 90	Pan masala containing tobacco ‘Gutkha’	0.61R	204%
2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name	0.43R	96%
2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name	0.43R	89%

R means retail sale price

Note: The words “declared retail sale price” shall mean the retail sale price of such goods which are required to be declared in compliance with the provisions of the Legal Metrology Act, 2009 (1 of 2010) or the rules made there under or under any other law for the time being in force.
