

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO. 62

TO BE ANSWERED ON MONDAY, NOVEMBER 18, 2019
KARTIKA 27, 1941 (SAKA)

LEVY OF CESS

62. DR. (PROF.) KIRIT PREMJBHAI SOLANKI:

Will the Minister of FINANCE be pleased to state

(a) the details of all cesses levied by the Central Government along with the reasons for levy of these cesses;

(b) the amount of taxes collected in each of these cesses and the manner in which they have been utilized; and

(c) whether the funds collected by levying cess remain underutilized and if so, the details thereof?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)**

(a) to (c): **Direct Tax**

Vide the Finance Act, 2018, for FY 2018-19, Education Cess on income-tax, Secondary and Higher Education Cess on income-tax, Krishi Kalyan Cess and Pradhanmantri Garib Kalyan Cess were discontinued. However, a new cess, by the name of "Health and Education Cess" was introduced and is currently levied at the rate of 4% on the amount of income tax so computed inclusive of surcharge, wherever applicable, in all cases. The cess was levied in order to fund various schemes to take care of the needs of education and health of BPL and rural families. The Actual collection for 2017-18 is as follows:-

Cess	Year 2017-18 (Rs. in crores)
Primary Education Cess	18783.17
Secondary Education Cess	9390.92
Pradhanmantri Garib Kalyan Cess	2.25
Krishi Kalyan Cess	1454.15

Indirect Tax

On account of GST roll out with effect from 1st July, 2017 most of the cesses levied under Customs, Central Excise and Service tax have been abolished w.e.f 1st July, 2017. However, to finance development of oil industry and infrastructure projects, cess on Crude Petroleum Oil and Road & Infrastructure Cess respectively were levied.

Further as per provisions in Section 7 of the GST (Compensation to States) Act, 2017 loss of revenue to the States shall be calculated and compensation for loss of revenue to the State shall be provisionally calculated and released at the end of every two months' period

and shall be finally calculated for every financial year after receipt of final revenue figures as audited by the Comptroller and Auditor General of India.

For providing such compensation to the States, compensation cess is being levied on certain luxury and demerit goods as per provisions in Section 8 of the GST (Compensation to States) Act, 2017, and compensation cess is being credited into a non-lapsable Fund know as Goods and Services Tax Compensation Fund which forms part of the public account of India. Consequent upon implementation of GST in the Country, the compensation Cess collected w.e.f July, 2017 is being specifically utilized for payment of GST Compensation to States for transition period of 5 years w.e.f. 1st July, 2017 30th June, 2022 as per GST (Compensation to States) Act, 2017.

The Actual collection for 2017-18 in respect of these Cesses is per following details:-

Cess	Year 2017-18 (Rs. in crores)
Cess on Crude Petroleum Oil (OID cess under Central Excise)	13,579.21
Road & Infrastructure Cess (additional duty of Excise on MS/HSD)	83,123.19
GST Compensation Cess	62,611.59

The difference in cess collection and its utilization is underutilized. In this regard the statement showing collection and utilization of various Cesses for the period of 2012-13 to 2017-18 is as per **Annexure**.
