

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**LOK SABHA**  
**STARRED QUESTION NO-170**  
ANSWERED ON-14/03/2022

**GST COMPENSATION**

170. SHRI Y.S. AVINASH REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received proposals from the State Governments requesting for extension of payment of Goods and Services Tax(GST) compensation to the States for another five years keeping in view the difficulties caused by Covid-19 Pandemic;

(b) if so, the details thereof; and

(c) the stand of the Government in this regard?

**ANSWER**

THE MINISTER OF FINANCE  
(MS. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION  
NO. 170 FOR ANSWER ON 14<sup>TH</sup> MARCH, 2022**

(a) to (c):- Yes Sir. Many States have requested for extension of the compensation period during the deliberations in GST Council and in letters addressed to the Central Government. In this regard, it is stated that as per Section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for a period of five years from the date of implementation of GST. During transition period, the States' revenue is protected at 14% per annum over the base year revenue of 2015-16. Central Government is committed for GST compensation to States/UTs for 5 years as per the Constitutional provision.

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