

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO.2418

TO BE ANSWERED ON MONDAY, AUGUST 1, 2022/SRAVANA 10, 1944 (SAKA)

EXEMPTIONS/ CONCESSIONS UNDER GST TAX STRUCTURE

2418. SHRI KESINENI SRINIVAS:

Will the Minister of FINANCE be pleased to state:

- (a) the details of reasons for existence of a host of slab rates and concessions in the Goods and Services Tax (GST) structure even to this date when several experts had recommended a simple three-slab structure;
- (b) whether the Government has taken steps to build consensus in the GST Council to reduce the number of tax rates and exemptions and if not, the reasons therefor;
- (c) the percentage of goods and services which are exempted from GST and thus, reduced the tax base, and the measures undertaken to reduce exemptions;
- (d) whether the Government has undertaken an evaluation study of GST on the completion of five years of this tax structure; and
- (e) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b): GST rates/ rate slabs applicable on goods and services are prescribed on the recommendations of the GST Council. GST Council has not made any recommendation for change in the existing GST rate slabs so far. A Group of Ministers (GoM) on Rate Rationalisation has been constituted by the GST Council in its 45th meeting held on 17th September, 2021. Terms of Reference of the GoM, inter-alia, include, -

- review the supply of goods and services exempt under GST with an objective to expand the tax base and eliminate breaking of ITC chain;
- review the current rate slab structure of GST, including special rates, and recommend rationalization measures, including merger of tax rate slabs, required for a simpler rate structure in GST.

(c): While it may not be feasible to assess such percentage, the GST Council has been conscious of the need for pruning of exemptions. As stated above, a GoM on Rate Rationalisation has been specifically assigned these terms of reference by the GST Council.

Based on the interim report of this GoM, the GST Council in its 47th meeting held on 28th and 29th June, 2022 has recommended withdrawal of certain exemptions pertaining to goods and services. These recommendations have been implemented with effect from 18th July, 2017.

(d) & (e): The terms of reference of the said GoM on Rate Rationalisation inter-alia includes review of current rate slab structure, correction of inverted duty structure, pruning of exemptions and rate rationalisation.
