

Suggestions from State Governments regarding Abolition of Sales Tax

1550. SHRI AHMED M. PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to abolish Sales Tax throughout the country;

(b) whether any suggestion has been sought from the State Governments;

(c) if so, the number and names and States who have favoured this proposal and the number and names of States which have not sent their opinion; and

(d) when the final decision is likely to come?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) to (d). Under the Constitution, sales tax is a State subject of taxation. A preliminary round of discussion on the question of abolition of sales tax and its replacement by Central excise duties has been held with the State Governments. The State Governments are reluctant to accept the proposal. It is proposed to pursue the matter with the States. However, in view of the constitutional position it will not be possible to replace sales tax by excise duty without carrying the States with us.

Recovery of Export Subsidy

1551. SHRI KACHARULAL HEM-RAJ JAIN: Will the Minister of COMMERCE AND CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) the names of business firms or individuals from whom the amount of export subsidy was recovered after audit objections during the last three years; year-wise;

(b) the circumstances under which these business houses and individuals were wrongly granted the export subsidy without scrutiny; and

(c) whether some Officials of the Import-Export Office have been found responsible for this lapse and if so, the particulars thereof and the action taken or proposed to be taken against them?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE, AND CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BEG): (a) Information is being collected and will be placed on the Table of the House.

(b) Cash assistance payments are made after scrutiny of the claims. Even then some times overpayments can occur due to error in classification, calculation or interpretation of rules etc.

(c) None so far.

Proposal to shift from Excise Duties to Value Added Tax

1552. SHRI AGHAN SINGH THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to shift from excise duties to a value added tax as recommended by Jha Commission; and

(b) if so, the extent to which the tax procedures will be streamlined and simplified as a result of this measure?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGRAWAL): (a) and (b). As already indicated in the Budget speech of the Finance Minister, the Government has been examining the various recommendations of the Jha Committee with the care which they deserve, and the recommendations which involve a major restructuring of the indirect tax system, such as, the switch-over from excise duties to a value added tax, would require further study. It is, therefore, too early to indicate Government's acceptance or otherwise of this recommendation and the procedural implications relating thereto.