

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:123
ANSWERED ON:03.03.2000
UNIFORM RATE OF SALES TAX
GADDE RAMAMOCHAN;MADHAVRAO SCINDIA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Standing Committee of Finance Ministers of different States has decided to evolve a uniform rate of sales tax banishing different taxation rates in different States;
- (b) if so, the details thereof;
- (c) the impact on the price index as a result thereof;
- (d) whether the implementation of the uniform Sales Tax has created controversy as some Delhi Traders are shifting to other States where sales tax is lower despite the Uniform Sales Tax;
- (e) if so, the details thereof; and
- (f) the steps taken by the Government to remedy the situation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(V. DHANANJAY KUMAR)

- (a) & (b): In the Conference of the Chief Ministers and Finance Ministers of States and Union Territories held on 16.11.1999, a decision was taken by consensus that all the States and Union Territories will have uniform floor rates of sales tax with effect from 1.1.2000. The recommended floor rates are zero, 4%, 8% and 12% for most of the commodities and special rates of 1% and 20% for a few commodities. States can, however, fix any rate above the floor rates recommended for a commodity.
- (c) Sales tax is a State subject under Entry-54 of the State List in the 7th Schedule to the Constitution of India, hence rates of Sales tax and consequent impact on price of a commodity may vary from State to State.
- (d) No instance of Delhi Traders shifting to other States on account of implementation of uniform floor rates of Sales tax has been reported.
- (e) & (f) Does not arise in view of above.