

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5266
ANSWERED ON:27.08.2010
RATIONALIZATION OF VAT
Reddy Shri Komatireddy Raj Gopal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry has asked the States to reduce Value Added Tax (VAT) on each item during the recent time;
- (b) if so, the details thereof and the response received so far from each State Government especially from Andhra Pradesh;
- (c) the steps being taken to rationalise the VAT system to suit the present conditions in each State; and
- (d) the steps being taken to reduce the burden on the States and consumers on each item for the current year?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): No, Sir.

(b): Does not arise in view of reply above.

(c) & (d): Value Added Tax (VAT) is levied by States by virtue of Entry 54 in the State list of Seventh schedule of the Constitution. Central Government therefore cannot issue directions to States on changing VAT rates etc.