

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:888

ANSWERED ON:12.11.2010

GOODS AND SERVICES TAX

Kataria Shri Lal Chand;Premajibhai Dr. Solanki Kiritbhai;Ramasubbu Shri S.;Reddy Shri Magunta Srinivasulu;Sudhakaran Shri K.;Sugavanam Shri E.G.;Viswanathan Shri P.

**Will the Minister of FINANCE be pleased to state:**

- (a) Whether the Government proposes to bring into force The Goods and Services Tax (GST) in the coming Financial Year;
- (b) if so, whether the Union Government is likely to compensate the States, for their revenue loss, due to the implementation of Goods and Services Tax (GST);
- (c) if so, the details of formula/guidelines to be followed in giving compensation;
- (d) whether the application of GST, is likely to have any impact on the revenue of the State, that is earned through the Sale of Petroleum and Gas; and
- (e) if so, the details thereof, and the manner in which conflicting Tax revenue would be rationalized and also consumer will be benefited?

**Answer**

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

- (a) Government had announced its interest to introduce Goods and Services Tax (GST) from 1st April, 2011. However, since there are still some issues on which consensus between States and Centre are yet to be reached, besides constitutional amendment issues, it is unlikely that the GST would be launched from 1st April, 2011.
- (b) In the GST scheme being discussed, the Central Government has agreed to compensate States for losses, if any.
- (c) The details of the compensation package are yet to be discussed between the Centre and the States.
- (d) In the GST scheme currently under discussion petroleum is proposed to be kept out of GST. There is no consensus among the States themselves on whether natural gas also should be kept out of GST or not.
- (e) Does not arise in view of reply to part (d) above.