

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:36
ANSWERED ON:08.08.2012
GST IMPLEMENTATION
Sugavanam Shri E.G.

Will the Minister of FINANCE be pleased to state:

- (a) whether the implementation of Goods and Services Tax (GST) has been unduly delayed;
- (b) if so, the details thereof alongwith the reasons for delay and the time by which GST is likely to be implemented;
- (c) whether many States have represented the Union Government for compensation in the event of reduction in Central Sales Tax on the implementation of CST;
- (d) if so, the details thereof alongwith the action taken by the Union Government thereon; and
- (e) if not, the reasons therefor?

Answer

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

(a) & (b): Introduction of Goods and Services Tax (GST) requires amendments in the Constitution which will empower Center and States to simultaneously tax supply of goods and services amongst other things. Subsequent to that suitable Central and State legislations will have to be passed that will need to be harmonious on key provisions. A Constitution Amendment Bill was prepared and introduced in Lok Sabha on 22.3.2011. The Bill is before the Standing Committee on Finance for examination. Report of SCF is awaited.

(c) to (e): Yes Sir. Many of the States have represented that Union Government should continue to compensate for the loss on account of CST reduction till GST is introduced. The original decision of the Government for compensation on this count was only till 2009-10 which has been paid in full. Matter of further CST compensation is under examination with the Government.