

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:4577

ANSWERED ON:20.12.2012

PAYMENT OF ADDITIONAL STATE TAX BY FERTILIZER UNITS

Jardosh Smt. Darshana Vikram

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the additional State tax paid by the fertilizer units of Gujarat and Uttar Pradesh from January 1, 2012 till date and the fund re-distributed to them under the Additional Cost due to Non-recognized input State Taxation (ACTN) Policy, Unitwise;
- (b) the action taken by the Union Government for streamlining the ACTN policy as fertilizer units are depositing funds to the Union Government timely but it is not re-distributed within specified time;
- (c) whether the Union Government is aware that the State Governments are levied such additional State tax;
- (d) if so, the reasons the Union Government is asking for views of the State Governments for settlement of backlog refund matter to fertilizer units; and
- (e) if so, the reaction of the Union Government thereto?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a): A Statement regarding additional State Tax paid by the fertilizer units of Gujarat and Uttar Pradesh from January 2012 till date and the ACTN paid to seven urea units in Gujarat and Uttar Pradesh which have submitted their claims for the period January 2012 to September 2012 is annexed.

(b): Modification in existing Additional Cost due to Non-recognised input Taxation (ACTN) policy is under consideration of the Department of Fertilizers in order to speed up the redistribution of payment to urea producing units.

(c) to (e): The policy of recovery of incidence of non-reimbursable input taxation levied by State Governments from time to time in the subsidy regime was finalised by the Department of Fertilizers in consultation with Ministry of Finance/Department of Expenditure, who was of the view that the proposed mechanism to levy additional MRP cannot apply with retrospective effect. In respect of prior losses, no recovery should be made from farmers buying urea post implementation of this policy. The issue instead may be taken up with respective State Governments to recoup the losses of the manufacturers. The issue of reimbursement of backlog arrears was taken up with the State Governments to compensate the losses for the companies. But no reply has been received from Government of Gujarat. However, the Government of Uttar Pradesh vide letter dated 13th June 2011 requested Department of Fertilizers to waive the backlog amount of ACTN due on Government of Uttar Pradesh. The Department of Fertilizers requested Department of Expenditure to review their comments on the issue of backlog amount of Non-recognised input Taxation (ACTN). The Department of Expenditure reiterated its stand vide their Office Memorandum dated 27th November 2012 (copy enclosed) that it did not support the proposal to recover past period losses also from the prospective sales to compensate the manufacturers for their past period losses.