

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4082

ANSWERED ON:20.03.2015

GST

Hansdak Shri Vijay Kumar;Kataria Shri Rattan Lal;Rai Shri Prem Das;Sreeramulu Shri B.

Will the Minister of FINANCE be pleased to state:

- (a) the salient features of the proposed model for Goods and Service Tax (GST);
- (b) whether the Government has proposed any structure to provide compensation to State on account of loss of revenue due to implementation of GST, if so, the details thereof;
- (c) whether the Information Technology (IT) platform for implementation of GST has been set up both at the centre and the States, if so, the details thereof;
- (d) whether State Government has expressed reservations regarding implementation of the GST, if so the details thereof; and
- (e) the steps taken by the Government to search and consensus in this regard along with the time frame set for its implementation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) to (e) In the month of December, 2014 two meetings were held with State Finance Ministers on 11.12.2014 and 15.12.2014 to resolve the contentious issues regarding introduction of GST. In terms of broad consensus arrived at in these two meetings, the Government introduced the Constitution (122nd) Amendment Bill, 2014 in the Lok Sabha on 19.12.2014 for amending the Constitution of India to facilitate introduction of Goods and Services Tax (GST) in the country. The salient features of this GST Bill are as follows:-

- (i) subsuming of various Central and State indirect taxes and levies;
- (ii) dispensing with the concept of 'declared goods of special importance' under the Constitution;
- (iii) levy of Integrated Goods and Services Tax on inter-State transactions of goods and services;
- (iv) levy of an additional tax on supply of goods, not exceeding one per cent in the course of inter-State trade or commerce for a period of two years;
- (v) conferring concurrent power upon Parliament and the State Legislatures to make laws governing goods and services tax;
- (vi) coverage of all goods and services, except alcoholic liquor for human consumption, for the levy of goods and services tax.
- (vii) Petroleum and petroleum products are constitutionally included in GST, but will not be subject to the levy of Goods and Services Tax till a date to be notified on the recommendation of the Goods and Services Tax Council.
- (viii) compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period which may extend to five years;
- (ix) creation of Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, exemption list and threshold limits.

According to Clause 19 of the Constitutional (122nd) Amendment, Bill, 2014, Parliament may, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the Goods and services tax for such period which may extend to five years;

Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non-Government Company to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders for implementation of GST. GSTN was incorporated in March 2013.