

As mop-up dips, GST rate re-set coming

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Officers' panel to submit report to Revenue Secretary soon; GST Council will take final call.

With revenue mop-up below expectation, the Goods and Services Tax (GST) rates and slabs could be raised to 6/8 per cent and 15 per cent.

A Group of Officers from the Centre and States, which met on Tuesday to finalise recommendations for rate rationalisation and slabs, is said to have considered various options, including raising rates from 5 per cent to 8 per cent and 12 per cent to 15 per cent, and fixing slabs at 10 and 20 per cent.

Another suggestion was to raise the rates from 5 per cent to 6 per cent. A suggestion was also considered to raise the rate of cess only on tobacco products.

According to sources, the minutes of the meeting containing the recommendations are still being finalised.

The Officers' Group will submit its report to the Revenue Secretary. Subsequently, based on the deliberations and suggestions by the Fitment and Law Committees of the GST Council, proposals will be finalised for the GST Council, which will then decide how and when rates will be re-jigged.

As of now, there are multiple rates, but four are most important — 5, 12, 18 and 28 per cent. Goods and services under the 28 per cent category also attract cess over and above the rate, which ranges between 1 and 25 per cent.

With revenue from GST below expectation, the Centre is finding it difficult to pay States for the shortfall in revenue from the Compensation Fund. When collection dipped to a 19-month low in September, the GST Council Secretariat had announced the setting up of a committee to augment collections and improve administration.

The committee has 12 members — five each from the States and the Centre, besides the Joint Secretary of GST Council and the Executive Vice-President of GST Network.