

Centre pays Rs.19, 950 Crore GST Compensation to States

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- **Central Government has paid over Rs.1.2 trillion towards GST compensation to states and UTs**
- **The Government has a target of collecting Rs.1 trillion in GST Cess in the current fiscal**

NEW DELHI:

The Central Government has paid Rs.19, 950 crore on Monday to states as compensation for their revenue loss in the goods and services tax (GST) regime, said a Government official.

Including this, the Narendra Modi administration has paid over Rs.1.2 trillion towards GST compensation to states and union territories, said the official, who spoke on condition of anonymity. The compensation payment made is more than what has been collected so far this year by way of the Cess on certain luxury goods and tobacco amounting to Rs.78,874 Crore. For the additional payments, the Centre has utilized the surplus Cess collected in the previous years.

Timely GST compensation payment to states had recently become a thorny issue between Union and State Governments affecting their mutual trust as revenue collections got affected by the economic slowdown. This forced the authorities to take steps to prevent tax evasion and improve compliance.

The Central Government has a target of collecting Rs.1 trillion in GST Cess in the current fiscal. Minister of state for finance Anurag Thakur told the Parliament earlier this month that it was pertinent to mention that the GST Council was vested with the authority to increase or decrease the rate of GST Compensation Cess and to bring in or exempt any goods within the purview of the Cess.