

GST Council has not sought states' views on hiking tax rates- Report

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The Goods and Services Tax (GST) Council has not sought views from states on hiking tax rates, according to a PTI report.

They said that the panel of ministers looking into GST rate rationalisation is yet to submit its report to the GST Council.

Stating that views have not been sought from states on hiking rates on 143 items, sources said, there is also no proposal to shift more than half of items to the highest tax GST slab of 28 per cent.

The seven-member GoM (Group of Ministers), which is led by Karnataka chief minister Basavaraj S Bommai and includes finance ministers from West Bengal, Kerala Goa, Bihar, Uttar Pradesh and Rajasthan as members, will suggest ways to augment revenue by rationalising tax rates.

No dates for the GST Council meeting have so far been announced but it is likely to meet in the second half of May.

With the inflation rate spiking in recent months, policymakers will take a hard look at any change in GST rates lest it fuels price rise.

The GST has a four-tier structure, consisting of 5 per cent, 12 per cent, 18 per cent and 28 per cent rates. Additionally, there are special rates for some goods such as precious metals.

There was a thought in some quarters that the slab of 5 per cent may be broken into 3 per cent and 8 per cent, levying the lower tax rate on essential items.

But no view on rate rationalisation has yet been taken by the GoM, let alone the GST Council, the source said.

The call on tinkering with the rates is a political decision and the same will weigh when the GST Council takes a view on it.

The GST Council -- the highest decision-making body that was set up after more than a dozen central and state taxes such as excise duty and VAT was subsumed into a uniform nationwide levy -- had set up the GoM on rate rationalisation at its September 2021 meeting in Lucknow.

The group was asked to review the exempt goods to expand the tax base, suggest changes to simplify the rate structure and garner the required resources.