

GST Council may look to rationalise 28% slab

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The GST Council is likely to rationalise the 28 per cent slab by cutting tax rates on construction items like cement in its meeting this week.

The council, chaired by finance minister Arun Jaitley and comprising his state counterparts, has pruned the 28 per cent slab by cutting tax rates on 191 goods over the last one-and-a-half years, leaving only 35 items in the highest slab.

"The idea is to keep only those items in the 28 per cent slab which are used for luxury purpose and demerit goods. The final call will be taken by the council," an official said.

The next meeting of the council is scheduled on 22

December.

There were around 226 goods in the 28 per cent category, when the Goods and Services Tax (GST) was implemented on 1 July 2017.

In its July meeting, the GST Council had further rationalised the 28 per cent slab by cutting rates on paints and varnishes, and on daily-use items like perfumes, cosmetics, toiletries, hair dryers, shavers, mixer grinder, vacuum cleaners, lithium ion batteries, and cut rates to 18 per cent.

The 35 goods, which are left in the highest slab, include cement, automobile parts, tyres, automobile equipment, motor vehicles, yachts, aircrafts, aerated drinks, betting and demerit items like tobacco, cigarette and *pan masala*.

The official said cutting

GST rate on cements would give a boost to the housing and construction industry as well as have positive impact on employment generation.

In the first eight months (April-November) of the current financial year, the government has mopped up over Rs 7.76 lakh crore from Goods and Services Tax. The 2018-19 Budget had estimated annual GST collection at Rs 13.48 lakh crore, which means a monthly target of Rs 1.12 lakh crore.

EY Tax partner Abhishek Jain said: "While a general expectation has always been for restricting the 28 per cent rate list to only luxury / sin goods, before a further pruning of this list, the government may coherently analyse the revenue impact of the same."