GST Council may rationalise 28% slab

GST Council may look...

New Delhi: The GST Council is likely to rationalise the 28% slab by cutting tax rates on construction items, like cement, in its meeting next week.

The Council, chaired by Finance Minister Arun Jaitley and comprising his state counterparts, has pruned the 28% slab by cutting tax rates on 191 goods over the last one-and-a-half year, 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 told PTI.

The next meeting of the Council is scheduled on December 22.

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

In its July meeting, the GST Council had further rationalised the 28% 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 highest slab include cement, automobile parts, tyres, automobile equipments, 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.

From p1

n the first eight months (April-November) of the current fiscal, the government has mopped up over Rs 7.76 lakh crore from GST. 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".