

Average GST rate at FY24-end was down to 11.64%, says Finance Minister

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"Based on the current data of GST returns available with the Goods and Services Tax Network, the average GST rate for the financial year 2023-24 is 11.64 per cent," said Finance Minister Nirmala Sitharaman in a written reply to the Lok Sabha.

She said that the committee headed by former Chief Economic Advisor Arvind Subramanian on possible Goods and Services Tax rates had suggested that the Revenue Neutral Rate (RNR) should be between 15 per cent and 15.5 per cent.

RNR is the rate determined post-GST to ensure that there is no shortfall in the collection compared to the pre-GST regime. This would be possible if the GST rate is at par with or close to the combined pre-GST rates (Central and State levies).

On whether nearly 60 per cent of all consumer items attract a GST rate of 5 per cent or less, while less than 3 per cent of consumption items falls under the 28 per cent bracket, she said that no such data is maintained by the Ministry. However, she highlighted a media article that mentioned that 60 per cent of the average monthly per-capita expenditure



Nirmala Sitharaman,
Finance Minister

(MPCE) is either exempt or subject to a lower tax rate (up to 5 per cent GST), and only 2.3 per cent of the average MPCE is taxed at the 28 per cent rate.

She also clarified that there is no bitterness between the Centre and the States on GST. "GST share to the States is settled on a regular basis as provided under the GST law," she said.

INSURANCE PREMIUM

Another reply by the Finance Minister said the insurance premium may drop if the GST is lowered on such a service.

"As the GST rates are applicable over and above the insurance premium, if the GST rate is reduced, it is expected to benefit the policyholder directly especially in a competitive market with many insurers as the cost of insurance will reduce to that extent," she wrote. As on

date, insurance premium attracts GST at 18 per cent.

The issue of GST on life and health insurance was placed before the GST Council at its September 9 meeting. After detailed deliberations, the Council recommended the setting up of a Group of Ministers to holistically look into the issues pertaining to GST on life and health insurance. The first meeting of the GoM was held on October 19. It is believed the GoM is in favour of removing GST on health insurance for senior citizens and for others if the coverage is ₹5 lakh or less.

CRYPTO BOURSES

In another written response about cases booked against cryptocurrency exchanges for GST evasion, Minister of State for Finance Pankaj Chaudhary said that 17 entities had been booked. A total of ₹824 crore in tax evasion was detected, with just one entity, Nest Services Ltd (a Binance Group company), accounting for over ₹700 crore. Of the total detected, ₹122 crore has been recovered.

As on date, 47 virtual digital asset service providers have been registered as reporting entities with the Financial Intelligence Unit-India under the Prevention of Money Laundering Act, 2002, Chaudhary said.