

# On the table: 2 sets of 3-slab GST structure

Fitment panel is working on two options to keep prices of essential goods in check

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New Delhi, 29 July

**T**he fitment panel under the Goods and Services Tax Council is discussing two options to replace the current four-slab rate structure for making its proposal to a group of ministers (GoM) tasked with recommending changes towards GST rationalisation. Both options seek to ensure that there is no adverse impact on the prices of essential goods for mass consumption.

Of the two rate structures on the table, one suggests tax slabs of 8 per cent, 16 per cent, and 24 per cent. The other proposes tax slabs at 9 per cent, 18 per cent, and 27 per cent.

Both scenarios focus on shielding essential goods and may include a provision of tax abatements. However, luxury goods — often referred to as “sin goods” — may be subject to different treatment, according to preliminary discussions.

“Certain options have been discussed as part of the rate rejig exercise. However, nothing has been finalised yet. The final recommendation will be presented to the GoM for its perusal,” an official with knowledge of the discussions told Business Standard. An email sent to the GST Secretariat, Central Board of Indirect Taxes and Customs (CBIC), remained unanswered until the time of going to press,

The fitment panel, comprising revenue officials from both Centre and states, is responsible for assessing the revenue impact of rate rationalisation. “The GoM has the discretion to consider these suggestions,” the official noted.

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## TAXING MATTERS

### OPTIONS ON GST RATE SLABS:

- Option 1: 8%, 16%, and 24%
- Option 2: 9%, 18%, and 27%

- Both options will have tax abatement provision for essential goods
- Luxury or sin goods can be treated differently
- The options seek to ensure that there is no adverse impact on the prices of mass consumption items
- GST Council is expected to meet between August 21 and August 23, during which it will be apprised of the status report on rate rationalisation
- New GoM will have its first meeting ahead of the Council's meeting

**CURRENT STRUCTURE: 5%, 12%, 18%, AND 28%**

# Panel to take up GST structure issue in Aug

This group, which now includes six state ministers, is expected to give due consideration to the fitment panel's suggestions in its final report to the GST Council. Chaired by Union Finance Minister Nirmala Sitharaman, the influential GST Council is expected to meet between August 21 and August 23, during which it is likely to be apprised of the status report on rate rationalisation. In her Budget speech on July 23, Sitharaman emphasised the necessity of GST rate rationalisation, highlighting its critical importance.

The GoM, recently reconstituted to reduce its membership from seven to six, leaving Goa out, is anticipated to convene its first meeting before the GST Council meeting. The newly formed panel is chaired by Bihar's Deputy Chief Minister Samrat Chaudhary.

The panel also includes UP Finance Minister Suresh Khanna, Rajasthan Medical and Health Services Minister Gajendra Singh, West Bengal

Finance Minister Chandrima Bhattacharya, Karnataka Revenue Minister Krishna Byre Gowda, and Kerala Finance Minister K N Balagopal.

This financial year, the GST regime might undergo a transformation, transitioning from a four-slab structure to a three-slab one. The current structure consists of standard rates of 5 per cent, 12 per cent, 18 per cent, and a top rate of 28 per cent. "When we meet for the

next GST Council meeting (in August), we will start a discussion on rate rationalisation. There will be a presentation by the GoM, irrespective of whether its report is draft. And then the council will start the discussion on rate rationalisation," Union Finance Minister Nirmala Sitharaman had said on June 22 meeting of the council.

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