

Average GST rate will soon be at 15%: NITI Aayog Vice-Chairman

OUR BUREAU

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The average rate of Goods and Services Tax (GST) will soon be around 15 per cent, NITI Aayog Vice-Chairman Rajiv Kumar said on Wednesday, a day after Prime Minister Narendra Modi expressed his Government's commitment to reduce GST on many more items.

The GST Council is expected to meet soon to further prune down the list of items in the 28 per cent slab.

At present, 1,211 goods categories have been clubbed into six rates — 0.25 per cent (un-worked diamond), 3 per cent (gold and silver mainly), 5 per cent, 12 per cent, 18 per cent and 28 per cent. Earlier, over 200 goods categories were placed under the 28 per cent slab, but now this number is just 39 comprising of motor cars, AC, large TV and cement, besides others.

The GST Council is scheduled to meet on December 22 and is likely to review rates on many items, including large TV and AC.

This indication came from Prime Minister Narendra Modi on Tuesday when he said that his government wants to ensure that 99 per cent items attract sub-18 per cent GST slab. When asked about this, Kumar said this will lead to further rationalisation of GST rate structure. "The average rate will gravitate towards 15 per cent with increased resources and widening of the tax base," he told reporters here. He also mentioned that in due course of time, 28 per cent slab might include only de-merit goods such as large cars and tobacco.

Meanwhile, officials from the Centre and States are busy finalising the agenda for the December 22 meeting of the GST Council. Now, following the PM's announcement, it is expected that agenda for the meeting might include lowering of GST rates on various consumer durables such as TV and AC. However, it is unlikely to include cement.

Talks on rate cut is taking

place at a time when there is fear of lower-than-estimated collection of GST. The Government estimated ₹1.10 lakh crore of collection every month. However, out of the 8 months of the current fiscal, the collection in six months has been less than estimate. There is also a fear that the total shortfall during the current fiscal — which is the first full year of the new indirect tax regime — could be anything between ₹30,000 crore and ₹40,000 crore..

The shortfall in revenue collection is not good news for the Centre as there is an apprehension of fiscal slippage during the current financial year.

Fiscal deficit for April-October was over ₹6.48 lakh crore, against the Budget Estimate of ₹6.24 lakh crore, nearly 4 per cent more than the target. The Government is now hoping that remaining collections during next four months will be much better on account of better compliance.