

Seventeenth Loksabha

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Title: Regarding extension of GST compensation of States.-Laid

PROF. SOUGATA RAY (DUM DUM): A large number of states are urging the Centre to continue the GST Compensation paid to them for the first five years of the GST regime up to 2027 as revenue flows have been severely hit by the pandemic. Various State governments are debt-ridden and facing financial stringency to meet the revenue for new welfare schemes as well as development works. The matter of compensation paid to states for revenue loss from the implementation of the goods and services tax (GST) was to be taken up by the GST Council, the highest decision-making body of the indirect tax regime, however, it did not take any decision at its last meeting held at Chandigarh. A final decision is likely to be taken in the next GST council meeting scheduled to be held in first week of August, 2022. When a nationwide GST subsumed 17 central and state levies from July 1, 2017, it was decided that states will be compensated for any loss of revenue from the new tax for five years. That time-frame is over on 30th June, 2022. With two years being lost in the pandemic, states have sought an extension of this compensation period by five more years. I request the Centre to extend the GST Compensation upto June, 2027.