

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6347

ANSWERED ON:06.05.2005

VAT IMPLEMENTATION

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Union and the State Governments have recently agreed to implement uniform VAT policy on all products;
- (b) if so, whether the Government have reviewed the VAT rates being charged differently in the States after the implementation of VAT policy;
- (c) whether implementation of VAT on certain items is likely to be made under the jurisdiction of States; and
- (d) whether the prices of commodities are likely to be controlled after the implementation of this policy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PLANIMANICKAM)

(a) & (c): As VAT is a tax intended to replace the States' sales tax, it is a State subject. An Empowered Committee of State Finance Ministers has been constituted to decide all issues relating to State level VAT. Therefore, VAT rates being charged in different States have to be reviewed by the Empowered Committee.

(d) The Empowered Committee has recommended that each State should set up a VAT Cell, inter-alia, to monitor price movements of goods.