

WRITTEN ANSWERS TO STARRED QUESTIONS

Anomaly in the Levy of Duty on Pesticides

*285. SARDAR BALWINDER SINGH BHUNDAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that an anomaly exists in the classification of grades of insecticides, pesticides and herbicides attracting levy of duty at the rate of 18 per cent while all other pesticides are levied duty at the rate of 8 per cent only;

(b) if so, the details thereof;

(c) whether there is a proposal under consideration to remove the anomaly;

(d) if so, by when; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) It is the Department's view that technical grade pesticides are classifiable as organic/inorganic chemicals under Chapter 28/29 of the Central Excise Tariff and are chargeable to excise duty at the rate of 16 per cent ad valorem with effect from 28th February, 1999. Pesticides formulations are classifiable under sub heading No. 3808.10 of the Central Excise Tariff and attract a duty of 8 per cent. The manufacturers of pesticides have, however, claimed classification of both these products under sub heading No. 3808.10 as pesticides. The question of anomaly in classification does not arise as the classification for the purposes of excise is determined by the statutory principles of classification.

(c) to (e) Does not arise in view of (a) and (b) above.

Expert Group on Service Tax

*287. MISS SAROJ KHAPARDE.
DR. B.B. DUTTA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have set up an Expert Group on Service Tax;

(b) if so, the objective behind the constitution of the Group;

(c) whether the Group has submitted its report;

(d) if so, the recommendations of (he Group); and

(e) in what manner Government propose to implement these recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN):

(a) Yes, Sir.

(b) (i) to study the future of the mode of taxation;

(ii) identify new sectors to be brought under service tax; (iii) simplify the mode of collection.

(c) Yes, Sir.

(d) (1) expansion of service tax base and treating services at par with goods;

(2) movement towards GST (Goods and Service Tax) in a VAT format;

(3) continuation of scheme of selective levy,

(4) reduction of cascading effect by allowing set off/credit of service tax paid;

(5) complete exemption upto taxable value of Rs. 5 lakhs;

(6) continuation of service tax levy at the rate of 5% but with option to pay a lumpsum as tax Upto the value of Rs. 10 lakhs;

(7) some new services to be brought into the Service Tax net;

(8) simplification measures for effective tax administration;

(9) introduction of a combined Central Excise & Service Tax Act;

(10) use of information technology in service tax matters;

(11) simple financial penalties for delay and deterrent penalties for evasion. No prosecution for next 2-3 years;

(12) Deployment of adequate staff and training for them.