GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION NO *156
ANSWERED ON – 03.08.2021

ADDITIONAL TAX ON TOBACCO PRODUCTS

156 Shri Prasanna Acharya:

Will the Minister of **Finance** be pleased to state:

(a) the amount of tax Government is generating from tobacco products;
(b) whether Government is considering to impose additional tax on tobacco products to generate additional revenue for COVID-19 stimulus package, if so, the details thereof; and
(c) whether Government has received any proposal from the States to impose additional tax on all tobacco products, if so, the details thereof?

ANSWER

MINISTER OF FINANCE
SHRIMATI NIRMALA SITHARAMAN

(a), (b) and (c): A statement is placed on the Table of the House.

*****

STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO.156 RAISED BY SHRI PRASANNA ACHARYA FOR 3rd AUGUST, 2021 ON GST ON ADDITIONAL TAX ON TOBACCO PRODUCTS

(a): The average annual revenue collection (based on last 3 years) including GST, Compensation Cess, Excise Duty and National Calamity and Contingent Duty (NCCD) from tobacco products, is about Rs 53750 Cr.

(b) and (c): The GST rates, including Compensation Cess Rates, on goods are fixed on the basis of the recommendations of the GST Council which consists of Union Finance Minister and Minister as recommended by each state. At present there is no recommendation by GST Council to impose additional tax on tobacco. Excise duty and NCCD on tobacco products are levied by the Central Government, in respect of which also there is no proposal at present for to imposition of any additional duty.

*****

भारत सरकार

वित्त मंत्रालय

राजस्व विभाग

<u>राज्य सभा</u>

<u>तारांकित प्रश्न सं. 156</u>

(जिसका उत्तर सोमवार, 03 अगस्त, 2021/12 श्रावण, 1943 (शक) को दिया जाना है)

"तम्बाकू उत्पादों पर अतिरिक्त कर लगाया जाना"

156. श्री प्रसन्न आचार्य:

क्या वित्त मंत्री यह बताने की कृपा करेंगे किः

(क) सरकार को तम्बाकू उत्पादों से कितना कर प्राप्त हो रहा है;

(ख) क्या सरकार कोविड-19 प्रोत्साहन पैकेज हेतु अतिरिक्त राजस्व जुटाने के लिए तम्बाकू उत्पादों पर अतिरिक्त कर लगाने पर विचार कर रही है, यदि हां, तो तत्संबंधी ब्यौरा क्या है;

(ग) क्या सरकार को सभी तम्बाकू उत्पादों पर अतिरिक्त कर लगाने के लिए राज्यों से कोई प्रस्ताव प्राप्त हुआ है, यदि हां, तो तत्संबंधी ब्यौरा क्या है?

उत्तर

वित्त मंत्री (श्रीमति निर्मला सीतारमण)

(क) से (ग):एक विवरण सभापटल पर रख दिया गया हैः-

"तम्बाकू उत्पादों पर अतिरिक्त कर लगाया जाना" के बारे में दिनांक 03 अगस्त, 2021 को उत्तर दिए जाने के लिए श्री प्रसन्न आचार्य के द्वारा पूछे गए राज्य सभा तारांकित प्रश्न सं. 156 के उत्तर में उल्लिखित विवरण

(क): तम्बाकू उत्पादों जो कि टैरिफ के अध्याय 24 के अंतर्गत आता है, से प्रतिवर्ष इकट्ठा किया जाने वाला औसत राजस्व (पिछले 3 वर्षों के आधार पर) लगभग 53760 करोड़ रुपये रहा है, जिसमें जीएसटी, प्रतिपूर्ति उपकर, उत्पाद शुल्क तथा राष्ट्रीय आपदा एवं आकस्मिकता शुल्क शामिल है।

(ग) तथा (घ): वस्तुओं पर जीएसटी की दरों को जीएसटी परिषद, जो कि केन्द्रीय वित्त मंत्री और प्रत्येक राज्य के नामित मंत्री से मिलकर बनी होती है, की सिफारिश के आधार पर निर्धारित किया जाता है। अभी इस समय कोविड-19 'स्टीमुलस पैकेज' के लिए अतिरिक्त राजस्व को पैदा करने के लिए तम्बाकू उत्पादों पर अतिरिक्त कर लगाए जाने की वाबत जीएसटी परिषद ने कोई भी सिफारिश नहीं की है। उत्पाद शुल्क और एनसीसीडी को केन्द्र सरकार द्वारा लगाया जाता है। अभी इस समय तम्बाकू उत्पादों पर कोई अतिरिक्त शुल्क लगाये जाने का कोई भी प्रस्ताव नहीं है।

*****

SHRI PRASANNA ACHARYA: Sir, the hon. Minister in her reply has said that annual revenue collection (based on last three years) from tobacco products is about Rs.53,750 crore. ...(*Interruptions*)... Due to excessive use of tobacco dreaded diseases like cancer are increasing in the country. ...(*Interruptions*)... In the health sector the money spent by the Government...(Interruptions)... India has over 26 crore tobacco users and tobacco kills over 13 lakh Indians every year. ...(*Interruptions*)... The WHO has said that raising the price of tobacco products through tax increase is the most effective policy to reduce tobacco use. ...(*Interruptions*)... Will the Central Government put the proposal in the GST Council for increasing tax on tobacco? ...(*Interruptions*)...

SHRIMATI NIRMALA SITHARAMAN: Sir, it is a very pertinent question. ...(*Interruptions*)... Hon. Member's suggestion that the WHO and many other organizations have asked for raising the price of tobacco related items. ...(*Interruptions*)...

श्री उपसभापतिः सिर्फ माननीय मंत्री महोदया की आवाज़ ही रिकॉर्ड पर जा रही है। ...(**व्यवधान**)...

SHRIMATI NIRMALA SITHARAMAN: In the GST Council we have formed a Group of Ministers. ...(*Interruptions*)... It has been given the terms of reference to see if GST could be imposed on the basis of capacity of a producing unit, where evasion is high. ...(*Interruptions*)... Such items like tobacco have also been put into that list. ...(*Interruptions*)... We will wait for the GOM to come back with its recommendations. ...(*Interruptions*)..

SHRI PRASANNA ACHARYA: Sir, I would like to know from hon. Minister the percentage of effective tax burden for cigarette, *bidi* and other smokeless tobacco and whether the WHO has recommended tax burden of at least 75 per cent for all tobacco products. ...(*Interruptions*)...Sir, after introduction of GST, how many times rates have been revised for tobacco products and what is the increase or decrease made so far? ...(*Interruptions*)...

SHRIMATI NIRMALA SITHARAMAN: Sir, on tobacco and tobacco related products, tax has been increased in earlier days also. ...(*Interruptions*)...

In the past, tax rate increases were recommended, but in 2017, there was no change after the implementation of GST. ...(*Interruptions*)... Compensation Cess rate was also not increased at that time. ...(*Interruptions*).. However, excise rates and details thereof are given as part of the reply. ...(*Interruptions*)... NCCD rates were also increased in the Budget of 2020-21 *via* the Finance Act of 2020. ...(*Interruptions*)... So, earlier, there have been attempts to increase it and there are NGOs which have suggested to increase Compensation Cess by levying the cess on tobacco items. ...(*Interruptions*)... And very many NGOs and consumer education forums have come out to suggest to the Government to increase the levies considering the health impacts of tobacco. ...(*Interruptions*)... But, as I said, it is up to the Council to take a call on it. ...(*Interruptions*)... Even in the 43rd meeting which was held on 28th of May this year, a Group of Ministers on Capacity based taxation is looking at it so that evasion is also avoided because this sector is highly prone to tax evasion. ...(*Interruptions*)..

MR. DEPUTY CHAIRMAN: Question No. 157.