

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO-1519
ANSWERED ON – 15.03.2022

CAPACITY BASED TAXATION

1519 Shri Bhubaneswar Kalita:

Will the Minister of **FINANCE** be pleased to state:-

(a) whether it is a fact that the Council (Group of Ministers) has taken decision on capacity based taxation and special composition scheme in certain sectors in GST constituted before 43rd GST Council meeting to examine the possibility to levy of GST based on the capacity of manufacturing unit and special composition schemes in certain evasion prone sectors:

(b) whether this Council will only look into pan-masala and gutkha or will they also include other tobacco products as well; and

(c) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): In pursuance to the decision of the GST Council in its 42nd Meeting, held on 05.10.2020, a Group of Ministers (GoM) on Capacity based taxation and Special Composition Scheme in certain sectors in GST has been constituted on 24.05.2021. Taking into account the interim recommendation(s) of the said GoM, the GST Council in 45th meeting, held on 17.09.2021, has made the following recommendations: -

(i) Brick kilns: Reduction of the threshold limit for exemption to Rs. 20 lakhs and revision of GST rate to 6% (without input tax credit) and 12% (with credit). Normal composition will not apply to brick kiln. These changes will come into force from 01.04.2022.

(ii) Mentha oil: Application of GST on reverse charge basis when supplied by any unregistered person and retaining the option of refund of unutilized input tax credit only on its zero rated supply.

(b) and (c): One of the terms of reference (ToR) for the GoM on capacity-based taxation and special composition schemes in certain sectors in GST is to examine the possibility to levy of GST based on the capacity of manufacturing unit and special composition schemes in certain evasion prone sectors like pan masala and gutkha, brick kilns, sand mining etc.
