



Proposed GST Tax rates would be lesser than the prevailing taxes in case of Sugar, Tea and Coffee (other than instant coffee) and Milk Powder; Present incidence of taxes on sugar is 8% while proposed GST rate on Sugar is only 5% i.e. 3% less;

Similarly, present incidence of taxes on Milk Powder, Tea and Coffee (other than instant coffee) is 7% while proposed GST rate on these items is only 5%.

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Proposed GST Tax rates would be much lesser than the prevailing incidence of taxes in case of Sugar, Tea and Coffee (other than instant coffee) and Milk Powder. Details in this regard are as follows:

1. Sugar: Sugar attracts specific central excise duty of Rs.71 per quintal plus Sugar Cess of Rs.124 per quintal, which translates to ad valorem rate of more than 6%. Including incidence on account of account of CST, octroi, and entry tax etc., the present total tax incidence would work out to more than 8%. As against this, the proposed GST rate on sugar is only 5% i.e. 3% less than present incidence of taxes.

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2. Tea and coffee (other than instant coffee): Tea and coffee attract Nil central excise duty and VAT rate of 5%. Considering embedded taxes in production of tea and coffee and the incidence on account of CST, octroi and entry tax etc., the present total tax incidence works out to more than 7%. As against this, the proposed GST rate for tea and coffee (other than instant coffee) is only 5%.

3. Milk powder: Milk powder attracts Nil central excise duty and 5% VAT. Considering embedded taxes in production of milk powder and the incidence on account of CST, octroi, and entry tax etc., the present total tax incidence works out to more than 7%. As against this, the proposed GST rate on milk powder is only 5%.

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