

Former finance minister P Chidambaram's tweets accusing the Bhartiya Janata Party of stalling the implementation of the goods and services tax (GST) for five years when the UPA was in power have set off a war of words between the BJP and the Congress, at a time when the [GST](#) regime is about to mark its first anniversary on July 1.

Bihar Deputy Chief Minister [Sushil Modi](#) was the head of the empowered committee on the [GST](#) when Chidambaram was finance minister during the second stint of the UPA government. He recently told *Business Standard* that the states lost confidence in the UPA government when it went back on its promise to compensate them after the central sales tax (CST) was phased out.

"It is Chidambaram who is responsible for not bringing the [GST](#) in time. The UPA lost states' confidence as it refused to give the compensation package it had earlier announced for the [CST](#) losses," said Modi.

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Chidambaram, on the other hand, in his tweets, attacked the [NDA government](#). "If GST is a 'victory of integrity' and 'celebration of honesty', why did the BJP oppose it and stall it for five years?"

Phasing out the [CST](#) was the key to the introduction of the GST. The [CST](#) was brought down to 2 per cent from 4 per cent between 2007 and 2008 after the introduction of the value-added tax (VAT) and, accordingly, a CST compensation package was formulated. While states placed a demand for Rs 190.60 billion as compensation, they were paid only Rs 63.93 billion.

"[Revenue Secretary](#) R S Gujaral then wrote to the states that 2010-11 would be the last year the states will receive CST compensation. That is when states lost trust in the government and were comfortable with GST introduction," retorted Modi.

He argued that the [NDA government](#) had promised full compensation to states for five years and had put the clause in the Constitution amendment bill. For that, the [GST Council](#) has levied an additional cess on a handful of luxury items in addition to the 28 per cent GST. The base year for calculating the revenue of a state is 2015-16 and secular growth rate of 14 per cent has been taken for calculating the likely revenue of each state in the first five years of implementation of the GST. "This insulation had given states the confidence in subsuming state-level taxes under the GST," argued Modi.

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On bringing petroleum products within the GST's ambit, Modi said the UPA government did not include petroleum products such as petrol and diesel in the Constitution Amendment Bill. "This meant that any change to the system would require an amendment to the Constitution," added the Bihar deputy chief minister.

However, the [NDA government](#) had included petrol within the GST in the Bill and products such as crude oil, petrol, diesel, natural gas and jet fuel would be brought in as and when a

consensus is reached within the council members.

"The NDA government simplified the process of bringing petroleum products under GST in the future," he said.