

PRESS RELEASE.

Dated 30th August 2017

The Schedule to the Goods and Service Tax (GST) (Compensation to States) Act 2017, specifies the maximum rate at which Goods and Service Tax Compensation Cess may be collected. In respect of motor vehicles, the maximum rate, at which Goods and Service Tax Compensation Cess may be collected, is 15%.

2. Consequent to the GST Council's recommendation, the Cabinet in its meeting on 30th August, 2017 approved promulgation of an ordinance to suitably amend the Goods and Services Tax (Compensation to States) Act, 2017, so as to increase the maximum rate, at which the Compensation cess can be levied from 15% to 25% on:

- a) motor vehicles for transport of not more than thirteen persons, including the driver [falling under sub-headings 8702 10, 8702 20, 8702 30 or 8702 90]; and
- b) motor vehicles falling under headings 8703.

3. However, there is no change in the effective rates of Compensation cess [as prescribed vide Notification No. 1/2017-Compencess Cess [Rate] dated 28.06.2017] on specified motor vehicles. The issue regarding the increase in effective rate of Compensation cess on motor vehicles will be examined by the GST Council in due course.
