GST COUNCIL
Compensation to states on top of the agenda

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The GST council is scheduled to meet on August 27, to discuss the issue of compensation to the states in the backdrop of falling tax revenue. “The meeting has been scheduled on August 27 via video conferencing and the letters had been sent to all the states. Right now, the compensation issue is at top on the agenda of the meeting,” a senior official from the Finance Ministry said.

The meeting is very crucial since the council will be meeting to discuss exactly what the compensation to states would be amidst falling GST and cess collection. There had been a further backlash after the revenue secretary had expressed the inability of the Centre to pay compensation to states in the future while reporting to a Parliamentary panel.

This was followed by media reports that the attorney general has suggested that the Centre does not have the obligation to pay to states, which created an outrage among state governments, even the BJP ruled ones.

Some had asked the Prime Minister to intervene in the matter. Later, however, Finance Minister Nirmala Sitharaman had clarified that the government will soon discuss the matter with the Council. Under the GST law, states were guaranteed to be compensated bimonthly for any loss of revenue in the first five years of GST implementation.