States Seek GST Compensation Beyond 2022

Funds to tide over spending crunch states might face post Covid 19

Guveen.Aulakh
@timesgroup.com

New Delhi: Opposition-ruled states including Punjab, Kerala and Delhi pitched for extension of goods and services tax compensation to the states for two years beyond 2022 to tide over the crunch they may face in the post-Covid-19 scenario.

State finance ministers, during a video conference on Monday, also discussed issues arising out of the lockdown, including the urgent requirement of some form of aid for micro, small and medium enterprises, which have been affected the most, besides relief for the services sectors.

“GST compensation, which is due to the states, should be given... the GST Council could also borrow and let the compensation continue for a year or two after 2022 also, which can be collected later,” Punjab finance minister Manpreet Badal told ET.

He added that while this issue was to be raised at a separate GST Council meeting, it could not be done due to the lockdown.

Kerala has already said it is undergoing a financial crisis and has pitched for additional funds from the Centre.

West Bengal asked the Centre to transfer its pending dues immediately, stating that it had received only an inappreciable amount. It had also written to finance minister Nirmala Sitharaman asking for a corporate social responsibility tag for donations made to the chief minister’s relief fund.

Delhi has taken up the issue of release of funds for the national capital to fight Covid-19.

The states will individually reach out to the Centre and will also raise the issue of releasing GST compensation pending since December 2019.

The Centre recently paid ₹34,053 crore in pending GST compensation cess for October and November in two tranches, with the second tranche released earlier this month.