

Centre may waive GST on vaccines

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NEW DELHI: The government may waive Goods and Services Tax (GST) on Covid-19 vaccines to reduce their cost—up to ₹1,200 a dose in private hospitals starting May 1 depending on the vaccine—in an attempt to ease the burden on people and encourage vaccination, people familiar with the matter said.

The government has already waived import duty on most essential pharmaceutical raw materials required to manufacture drugs for the treatment of coronavirus disease, and is considering scrapping the 5% GST on Covid-19 vaccines on similar grounds, the people added on condition of anonymity.

“The waiver will require approval of the GST Council. But, it is unlikely that any mem-

ber will oppose the move that will provide relief to people in all states. Besides, it will not have significant revenue implication,” said one person.

The Union finance ministry did not respond to an email query.

On April 19, the Union government announced a “liberalised and accelerated” phase-3 strategy of Covid-19 vaccination from May 1 that permitted vaccine manufacturers to release up to 50% of their supplies to state governments and in the open market at a pre-declared price.

Serum Institute of India (SII) on April 21 announced that it would price its vaccine, Covishield, at ₹400 per dose for state governments and ₹600 for private hospitals. Bharat Biotech on April 24 declared Covaxin’s prices—Rs 600 per dose for state governments and ₹1,200 per



The move will bring down the prices of vaccines. REUTERS

dose for private hospitals. A person is required to take two doses in a span of eight weeks.

On April 28, SII reduced the rate of Covishield for state procurement. “As a philanthropic gesture on behalf of @SerumInstIndia, I hereby reduce the price to the states from ₹400 to ₹300

per dose, effective immediately; this will save thousands of crores of state funds. This will enable more vaccinations and save countless lives,” SII CEO Adar Poonawalla tweeted.

While external spokesperson of SII declined to comment, Bharat Biotech did not respond to email query.

The cost of vaccine for the Union government’s vaccination drive—free in government hospitals and ₹250 in private hospitals—was significantly lower.

Archit Gupta, founder and CEO of the financial technology platform Cleartax said: “A waiver of GST, if granted, will reduce costs for governments, as well as incentivise more private players to purchase and distribute vaccines. This move will definitely boost immunizations and provide some respite from the current crisis.”