

## **FICCI CASCADE for status quo on GST rate on tobacco products to check smuggling**

PTI | Dec 17, 2019

New Delhi, Dec 17 () Ahead of crucial GST Council meet on Wednesday, industry body FICCI's arm made a case for maintaining GST rate on tobacco products at present level saying any increase would lead to rise in smuggling and will adversely impact domestic industry.

Currently, GST rate on these products are 28 per cent while cess varies between 61 to 204 per cent.

FICCI CASCADE (Committee Against Smuggling and Counterfeiting Activities Destroying the Economy) said various agencies seized illicit cigarette worth about Rs 18 crore so far this year.

It said that there has been spurt in smuggling due to increase in tax in the past few years. The illegal cigarette trade has more than doubled from 12.5 billion sticks in 2005 to 26.5 billion sticks in 2018.

"We must also remember that a higher tax rate provides greater incentive for evasion," said P C Jha, former Chairman, Central Board of Indirect Taxes and Customs and Advisor, FICCI CASCADE.

"It is therefore necessary that legal products are made available at affordable prices, and it is in our best interest that we take a serious look and rationalise the tax structure on cigarettes, and do not allow anti-social elements to make deep inroads in our country," he said.

Jha said the impact of smuggling on India's legal cigarette industry is massive. Citing a report, he said it continues to face an uphill task as penetration of illicit cigarettes in India has now reached a whopping 24.3 per cent.

With GST collection under pressure, there is demand for raising rates on certain items and also cess to meet the shortfall.

However, experts are of view that further increase in GST rates would fuel inflation, which is on the rise for past few months.

Both Centre and States are expected to arrive at a decision which can boost revenue without hurting inflation.

The Central GST collection fell short of the Budget Estimate by nearly 40 per cent during the April-November period of 2019-20, according to government data.

The actual CGST collection during April-November stood at Rs 3,28,365 crore, while the Budget Estimate was Rs 5,26,000 crore for these months.

**Source:** <https://timesofindia.indiatimes.com/business/india-business/ficci-cascade-for-status-quo-on-gst-rate-on-tobacco-products-to-check-smuggling/articleshow/72831166.cms>