

Retail Price-Based GST Cess Rate Specified for Pan Masala, Tobacco

New Delhi: The government has specified the retail sale price-based GST cess rate that would be levied on pan masala and tobacco manufacturers with effect from April 1. This is a departure from the earlier regime that imposed cess, over and above the 28% Goods and Services Tax (GST) rate on ad-valorem basis.

As per a finance ministry notification dated March 31, the GST cess rate that would be applicable on pan masala is 0.32 times the retail sale price (RSP) of the pan masala pouch.

Pan masala, containing tobacco gutkha, now has a cess rate of 0.61



times the RSP, while the rate for smoking mixtures for pipes and cigarettes is 0.69 times.

Chewing tobacco, filter khaini, and jarda scented tobacco attract a cess of 0.56 times the RSP, and the rate for branded unmanufactured tobacco and hookah or gudaku is 0.36 times the RSP.

The new rates are applicable from April 1, 2023. Moving to RSP-based levy would mean that manufacturers would now have to pay the cess on the final retail price of masala and chewing tobacco at the time it crosses the factory gate. —PTI