# Retailers urge FM and GST Council not to go for higher 35 per cent tax rate

PTI ■ NEW DELHI

Indian Sellers Collective, an umbrella body of trade associations and sellers across the country, has urged the finance minister and the GST Council not to accept some of GST rate rationalisation suggestions, including the proposal for inclusion of a special rate of 35 per cent on some products.

The sellers body is of the view that a fifth GST slab of 35 per cent on demerit goods such as aerated beverages, cigarettes and tobacco, and pricing-based rate structure will materially and fundamentally alter the country's GST framework with devastating outcomes.

These recommendations violate both the letter and the spirit that it will be a 'good and simple tax', Indian Sellers Collective said in a statement on Thursday ahead of the 55th GST Council meeting to be held on December 21, 2024 at Jaisalmer, Rajasthan.

"On the contrary, it will hurt the profit margins of the retailers, lead to compliance nightmares and fuel a parallel economy. This move will primarily benefit Chinese producers who dominate the market of cheap products at the cost of Indian producers," it said.


All the gains of the GST regime will be wiped out, with permanent damage to the vast age-old retailer network of India, if the GoM recommendations are adopted by the upcoming GST Council meeting, Abhay Raj Mishra, Member and National Coordinator, Indian Sellers Collective, said.

"A 35 per cent tax on demerit goods like tobacco and aerated beverages will exponentially grow their illicit market, and a large number of sellers will move out of the formal economy. A pricing-based rate structure will trigger either manipulation or re-engineering of business models to beat the system. For small and mid-tier sellers, this will mean compliance nightmares and a very high risk of litigation," he said.