

## **GST panel rejects Odisha's demand for green tax**

The empowered group of state finance ministers on Goods & Service Tax (GST) has turned down Odisha's demand for levy of green tax on mining in the face of opposition from consuming states.

"We had pitched for levy of green tax on sale of minerals. But the empowered group of ministers on GST has rejected it citing opposition from states consuming the minerals," said an official source.

Besides the green tax, the Odisha government had reiterated its demand of keeping entry tax out of the purview of Goods & Service Tax (GST). The state government had categorically stated that it would not roll out GST if the entry tax is not kept out of the purview of GST. The state government earns around Rs 1,400 crore annually by way of entry tax and it was not in favour of the entry tax being subsumed under GST.

The other demand of the state government – clearing of decisions taken by the GST Council by three-fourths majority instead of the existing two-thirds majority, has been agreed to by the panel.

Odisha had also taken exception to inclusion of traders and small manufacturers with an annual turnover of Rs 1.5 crore under the proposed GST.

The state government has argued that the move may cause harassment to a large number of traders and small manufacturers and also increase litigation.

"GST should be so designed that it is simple, easy to administer and free from hassles and harassment for the taxpayers. Presently, manufacturers below turnover of Rs 1.5 crore and traders are not subjected to Central excise. In the proposed GST, all the traders and small manufacturers would come under the purview of both Central and state GST and be subjected to dual authority. The empowered committee may deliberate on this issue and suggest for avoiding dual control," state finance minister Prasanna Acharya said in a note submitted to the empowered committee of state finance ministers on GST.

Making a plea for mineral bearing states which have to suffer pollution load because of mining activity, the Odisha government had suggested widening of the present GST, by levying a production-based non-rebatable cess on notified polluting goods. The state government feels introduction of the cess can help mitigate concerns of pollution and also facilitate overcoming some of the present barriers and concerns in implementing GST.

Under GST, the destination principle applies and the producing state where pollution may be localised does not get any part of tax revenue. It is only the consuming state that gets the tax revenue whereas the pollution is suffered by the citizens of the producing state, the minister said to substantiate his plea for the cess.

*(Business Standard)*