

## PHD favours early rejig of GST tax rates structure

By TIOL News Service

**NEW DELHI, AUG 04, 2021:** THE

PHD Chamber of Commerce and Industry has tirelessly been demanding rejig of GST tax slabs in broad three brackets as against the existing clubbed five-rate structure - 3%, 5%, 12%, 18% and 28%, with compensation cess for sin and luxury goods.

PHDCCI has appreciated the Government's efforts in rationalizing GST rates in the 28% slab category and taking out 175-200 items from 28% slabs to either 18% or 12%. However, although essential commodities can't be taxed at the same rate as luxury items, still products such as air conditioners, and cements are charged at 28% GST.

PHDCCI believes that it is quite unlikely that India will have a single GST rate because of varied products and services, starting from common man needs, industrial needs, luxury items, and sin goods. So an ideal GST rate structure would be to have two-three slabs of GST rates. It has suggested the lowest rate at 5%, a moderate rate of 12%, by clubbing the category of 12% & 18%, and the highest rate of 18% for luxury and sin goods only.

This rationalization of GST rates will increase consumption and tax revenue, reduce compliances, reduce tax evasion and help to make GST as good and simple tax, as simplified tax regime is the need of hour to reduce litigation pertaining to tax matters. This will also lead to removal of hardships and provide ease of doing business and compliance among taxpayers, details the official Press Release.