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Food grains and raw food items likely to be exempted under GST

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According to the reports, ‘Mithai’ or sweets will attract 5% levy. Daily-use items like sugar, tea, coffee (barring instant coffee) and edible oil will attract the lowest tax rate of 5%, almost the same as current incidence. Prices of food grains, especially wheat and rice, will come down as they will be exempt from the GST. Currently, some states levy value added tax (VAT) on them.

The Finance Minister Mr. Arun Jaitley after the meeting said that “We have finalised tax rates for a majority of items as well as the exempt list.” Also, the GST for packaged food items is to be finalised. Today’s meeting will also decide on the rate of tax for services, the finance minister said. “(With) the standard rate items of 12.5% and 15%, plus the cascading effect of local taxes, the tax rate was going up to 30-31%. These 30-31% taxes... have all been brought down to 28%. Of these, some are items to be used by common man soap, oil—that has been brought down to 18%. So there will be a substantial reduction as far as those items are concerned. We have kept one criteria in mind that the overall impact is not inflation, in fact it brings down the costs,” Jaitley added.

“Cereals will be in exempt list. But what is to be done with packaged and branded food that has to be separately decided. We are yet to make a decision on that,” he said.

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