Twitter Thread by Nirmala Sitharaman



Nirmala Sitharaman
@nsitharaman



1/ Hon. CM of West Bengal @MamataOfficial has written to the Hon @PMOIndia seeking exemption from GST/Customs duty and other duties and taxes on some items and COVID related drugs.

My response is given in the following 15 tweets.

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ममता बैनार्जी
ममता बैनर्जी
ممتا بنرجی
Mamata Banerjee

मुख्यमंत्री, पश्चिमबङ्ग
मुख्यमंत्री, पश्चिम बंगाल
وزیراعلیٰ مغربی بنگال
CHIEF MINISTER, WEST BENGAL

No. 06 – CM/2021 May 09, 2021

Respected Prime Minister,

I am writing to you regarding a critical issue on facilitating augmentation of medical system including infrastructure, equipment, medicine and oxygen, necessitated due to sudden spike in the number of COVID cases in the country in general and also in West Bengal.

We all are trying our best to face new challenges and making all efforts to channelize resources from different sources, including ensuring availability of life saving drugs and oxygen for COVID treatment.

A large number of organizations, individuals and benevolent agencies have come forward to donate oxygen concentrators, cylinders, cryogenic storage tanks, tankers and tank containers and COVID related drugs. Donations from these organizations will greatly supplement the efforts of the State Government in meeting the huge gap in demand and supply.

However, many of the donors and agencies have approached the State Government to consider exemption of these items from customs duty/SGST/CGST/IGST.

As the rate structure falls under the purview of the Central Government, I would request that these items may be exempted from GST/customs duty and other such duties and taxes, to help remove supply constraints of the above-mentioned life-saving drugs and equipment and contribute towards effective management of COVID pandemic.

I look forward to your kind consideration and cooperation in this critical matter.

With regards,

Yours sincerely

(Mamata Banerjee)

Shri Narendra Modi
Hon'ble Prime Minister of India
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2/ A list of items for COVID relief granted exemption from IGST for imports was issued on 3rd May'21. These were given exemption from Customs Duty/health cess even earlier.

Hon. CM @MamataOfficial , may notice that items in your list are covered.

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LIST OF ITEMS FOR COVID RELIEF EXEMPTED FROM CUSTOMS DUTY/ HEALTH CESS BY AD HOC EXEMPTION ORDER NO 4/2021- CUSTOMS DATED 3 MAY 2021

1. Remdesivir Active Pharmaceutical Ingredients
2. Beta Cyclodextrin (SBEBCD) used in manufacture of Remdesivir,
3. Injection Remdesivir
4. Oxygen concentrator including flow meter, regulator, connectors and tubings.
5. Medical Oxygen
6. Vacuum Pressure Swing Absorption (VPSA) and Pressure Swing Absorption (PSA) oxygen plants
7. Cryogenic oxygen Air Separation Units (ASUs) producing liquid/gaseous oxygen
8. Oxygen canister.
9. Oxygen filling systems
10. Oxygen storage tanks
11. Oxygen generator
12. ISO containers for Shipping Oxygen
13. Cryogenic road transport tanks for Oxygen
14. Oxygen cylinders including cryogenic cylinders and tanks
15. Parts of goods at S.No.4 and 6 to 14 above, used in the manufacture of equipment related to the production, transportation, distribution or storage of Oxygen, subject to the condition that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017
16. Any other device from which oxygen can be generated
17. Ventilators, including ventilator with compressors; all accessories and tubings; humidifiers; viral filters (should be able to function as high flow device and come with nasal canula).
18. High flow nasal canula device with all attachments; nasal canula for use with the device.
19. Helmets for use with non-invasive ventilation.
20. Non-invasive ventilation oronasal masks for ICU ventilators.
21. Non-invasive ventilation nasal masks for ICU ventilators.
22. COVID-19 vaccines
23. Inflammatory Diagnostic (marker) kits, namely- IL6, D-Dimer, CRP(C-Reactive Protein), LDH (Lactate De-Hydrogenase), Ferritin, Pro Calcitonin (PCT) and blood gas reagents.

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3/ Full exemption from Customs duties, including IGST, is already available to ALL COVID relief material (not confined to a list) imported by @IndianRedCross for free distribution in the country.

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4/ With effect from 3 May, 2021, full exemption from all duties has been provided to Remdesivir injections, Remdesivir API, and for a chemical for the manufacture of this drug.
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5/ Also to Medical Oxygen, equipment used for the manufacture, storage and transportation of oxygen, equipment used for providing oxygen therapy to COVID patients such as Oxygen Concentrators, Ventilators, Non-invasive oxygen masks etc.
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6/ Also to Inflammatory diagnostic kits and reagents for COVID testing and COVID vaccines.

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7/ This exemption applies to all above mentioned goods when imported free of cost for free distribution in the country by any entity, State Govt, relief agency or autonomous body on the basis of a certificate issued by a State Government.

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8/ In order to augment the availability of these items, Government has also provided full exemption from basic customs duty and health cess to their commercial imports.

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9/ GST at rates varying from 5% (on vaccines), 12% (COVID drugs, oxygen concentrators) is applicable to domestic supplies and commercial import of these items.

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10/ If IGST ₹100 is collected on an item, ₹50 accrues to the Centre and the States each as CGST and SGST respectively. Further 41% of the CGST revenue is devolved to States.

So out of a collection of ₹100, as much as ₹70.50 is the States' share.

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11/ If full exemption from GST were given, the domestic producers of these items would be unable to offset taxes paid on their inputs and input services and would pass these on to the end consumers by increasing their price.
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12/ COVID vaccines are being provided free of cost by the GoI to those who are 45 yrs of age & above and to all frontline workers.

On Government supplies, GST is also paid by the Government.

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13/ From the GST collected on vaccine, half is earned by the Centre and the other half by the States. Further, 41% of Centre's collections also get devolved to the States.

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14/ So States end up receiving almost 70% of the total revenue collected from vaccines.
In fact, a nominal 5% GST is in the interest of the domestic manufacturer of vaccine and in the interest of the citizens.

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15/ If full exemption from GST is given, vaccine manufacturers would not be able to offset their input taxes and would pass them on to the end consumer/citizen by increasing the price.

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16/ A 5% GST rate ensures that the manufacturer is able to utilise ITC and in case of overflow of ITC, claim refund.
Hence exemption to vaccine from GST would be counterproductive without benefiting the consumer.

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