



## CIABC urges Bengal Govt to reduce high sales tax to sustain industry

**New Delhi :** Alarmed over the steep fall in sale of liquor in West Bengal due to imposition of high sales tax amid corona pandemic, the Confederation of Indian Alcoholic Beverage Companies (CIABC) has urged the State Government to reduce the levy imposed on alcoholic beverages from 30 per cent to not more than 5-10 per cent to sustain the industry and generate more revenue. With West Bengal's long and porous border with other states where price increase has been less, CIABC apprehended that the wide difference in price will result in unlawful smuggling of liquor. This move comes two weeks after CIABC made a similar submission to the Andhra Pradesh government which has imposed a cess of 75 per cent on liquor in the state amid the pandemic.

In its letter to the West Bengal Government, CIABC, the apex body of the Indian Alcoholic Beverage Industry, has stated that increase of sales tax on liquor by 30 per cent on April 9 has led to drastic fall in sales of liquor which has resulted in lower collections for state exchequer. "In April sales fell down by 84% and in May by 35%. When prices are increased sharply, consumers down trade to cheaper products. The tax collection per bottle also goes down, further compounding the tax loss," Vinod Giri, director general of

CIABC, said.

It, therefore, has urged to reduce the increase in Sales Tax on liquor to a level not more than 5-10%. "We believe that with such increases the adverse impact on sales will be low, thus leading to higher Tax revenues for the Government, besides obvious benefits to the companies and the consumers," it added.

Excise data had indicated that volume sales of beer alone declined about 60 per cent in Telangana, Karnataka and Rajasthan, while the fall was steeper at more than 80% in West Bengal and Madhya Pradesh as a result.

Giving examples of other states, Giri said: "In Delhi imposition of high Corona taxes had severely brought down liquor sales and thus Government tax revenues, while in Haryana and UP which imposed moderate tax increases had managed to contain the decline and were net gainers. Delhi has subsequently withdrawn 70% tax and replaced with a reasonable 5% increase in VAT."

Liquor attracts the highest taxation of any beverage in the country, with more than half the retail price going to state and Central Governments through value added tax (VAT) and excise duty. In FY19-20, Indian states had earned a combined ₹1,75 lakh crore from excise, and liquor. **PNS**